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THE W. T. GRIMM & CO.

MERGERSTAT® REVIEW
1986

ANDRÉ F. RHOADS
EDITOR

W. T. GRIMM & CO.
135 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60603
312 · 346-5265

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INTRODUCTION

Founded in 1951, W. T. Grimm & Co. is one of the oldest firms in the country specializing in the merger, purchase or sale of established companies. We enjoy an international reputation as a leader in developing merger and acquisition transactions in all branches of industry and have implemented hundreds of assignments for owners of companies seeking a merger or sale of their business or for corporations seeking acquisitions.

The W. T. Grimm & Co. Research Department was initially established in 1963 to educate and to keep the firm's professional staff posted on changing merger trends, prices, P/Es, etc. It maintains a detailed account of every "publicly announced" merger-acquisition-divestiture and has thus far recorded a grand total of 71,893 transactions.

In addition to recording the identities of buyer and seller and other items, the price paid, the form of payment, the price earnings ratio paid, we compute the premium paid over market and the price to book for every transaction disclosing the requisite information. Each transaction is then classified into one of 50 industry categories. Such a data base provides a quick reference to the range of merger prices and ratios with respect to the industry classification of the seller.

Buyer and seller clients of W. T. Grimm & Co. always receive the benefit of this data to guide them to a merger price indicative of the industry served. The merger data bank contains invaluable information on the buying habits of many companies and is one of the many sources utilized in finding a buyer for a specific type of business.

The W. T. Grimm & Co. Research Department can prepare special studies and reports on a contract basis tailored to the individual needs of the client. Our Research Department will be pleased to accommodate your requests for information of a specialized nature.

The Mergerstat Review 1986 is smaller in size because the contents are printed back-to-back, rather than on one side only as in the past.

Please feel welcome to contact us with comments or inquiries regarding our research and intermediary services.

JAMES J. KELLY, JR.
President

ANDRÉ F. RHOADS
Mergerstat Review Editor

ALEXANDRA LADIAS
Director of Research

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I.

STATISTICAL REVIEW AND DISCUSSION

NET MERGER AND ACQUISITION ANNOUNCEMENTS*

1986 — A 13-Year Record

Net merger and acquisition announcements set a 13-year record in 1986 with a total count of 3,336, an 11% increase over the 1985 tally of 3,001. Year-to-year figures are shown in Figure 1 on page 2.

Acquisition activity surged in the final six months with 1,809 transactions, compared to the slower-paced first half count of 1,527. The increase is attributed to the Tax Reform Act of 1986, which provided an incentive to sell a business during 1986 in order to avoid higher corporate and personal taxes incurred on the sale of a business after 1986.

As shown in Figure 1, the 1970s were generally a period of declining merger and acquisition activity, while the 1980s have been a period of increasing merger and acquisition activity. Factors contributing to this are:

1) the challenges of a new economic environment
2) the availability of undervalued targets
3) the 1981 Economic Recovery Tax Act
4) the deregulation of banks
5) the anti-trust posture of the Reagan Administration
6) structural changes in various industries

The 1980s ushered in an economic environment characterized by disinflation, high real interest rates, increased global competition, and rapid technological advances which simultaneously create new markets and weaken others. Corporate managers responded by initiating aggressive cost-cutting and marketing strategies. These strategies included asset liquidation and redeployment programs. Stressing more efficient and leaner operations to withstand the pressures of changing economic and market conditions, corporate managers implemented divestiture programs. Moreover, while selling off unrelated or unprofitable assets, managers also acquired businesses that extended or complemented their core product lines. This corporate restructuring has contributed to a higher level of merger and acquisition activity.

**The W. T. Grimm & Co. Research Department records publicly announced formal transfers of ownership of at least 10% of a company's assets or equity where the purchase price is at least $500,000, and where one of the parties is a U.S. company. These transactions are recorded as they are announced, not as they are completed. Cancelled transactions are deducted from total announcements in the period in which the cancellation occurred, resulting in net merger-acquisition announcements for that period. Cancellation totals appear on page 107. Unless otherwise noted, all merger-acquisition statistics contained in the following pages reflect completed or pending transactions as of the end of the applicable period.*

NET MERGER-ACQUISITION ANNOUNCEMENTS
1963-1986

Year	Number	Year to Year Percentage Change
1963	1,361	
1964	1,950	+43%
1965	2,125	+ 9%
1966	2,377	+12%
1967	2,975	+25%
1968	4,462	+50%
1969	6,107	+37%
1970	5,152	−16%
1971	4,608	−11%
1972	4,801	+ 4%
1973	4,040	−16%
1974	2,861	−29%
1975	2,297	−20%
1976	2,276	− 1%
1977	2,224	− 2%
1978	2,106	− 5%
1979	2,128	+ 1%
1980	1,889	−11%
1981	2,395	+27%
1982	2,346	− 2%
1983	2,533	+ 8%
1984	2,543	—
1985	3,001	+18%
1986	3,336	+11%
	71,893	

Source: W. T. Grimm & Co.

Figure 1.

Historical Note

W. T. Grimm & Co. began recording merger-acquisition announcements on January 1, 1963. Net announcements increased in each of the next six years, reaching the current record of 6,107 in 1969. Net announcements decreased during 10 of the subsequent 17 years. The 3,336 announcements of 1986 are 45% below the 6,107 announcements of 1969.

Most economic historians have identified four periods of increased merger-acquisition activity dating back to the turn of the twentieth century:

(1) 1893-1904, activity dominated by same-industry consolidations of many small firms, resulting in monopolistic entities. Some believed the Sherman Antitrust Act of 1890 helped to foster these horizontal mergers since the Sherman Act outlawed collusion, but not mergers;

(2) 1915-1929, characterized by horizontal mergers of secondary firms, resulting in oligopolies, in which a few large firms dominated an industry;

(3) 1940s, activity consisted of acquisitions of many small, privately held businesses by large companies on a friendly basis. Burdensome estate taxes forced smaller corporate owners to sell out;

(4) mid-1950s-1969 (see WTG statistics from 1963 to 1969), identified as the longest and largest merger-acquisition wave with the highest number of transactions. Designated as conglomerate mergers, they were characterized by small and medium-sized companies acquiring other small/medium-sized firms in unrelated industries. The conglomerate merger wave was propelled by the theory of diversification, which held that the control of a variety of businesses would lessen the risk of business cycles. Some have argued that the stricter enforcement of antitrust laws prohibiting horizontal and vertical mergers played a role in fueling conglomerate activity. Accounting techniques, namely pooling of interest, however, did encourage conglomerate acquisitions by allowing acquirers to combine their sales and earnings with those of sellers, thereby immediately boosting the earnings per share of the acquirer. This further stimulated the merger movement by enabling the acquirer to purchase more companies with seemingly higher-valued stock. The drop in the stock market during 1970 and the imposition of stricter accounting procedures spelled an end to the conglomerate wave. Conglomerates such as ITT, Textron, Litton Industries and LTV (Ling-Temco-Vought) grew out of this era.

Some analysts and economists have identified a fifth period of intense merger activity beginning in the mid-1970s and continuing into the 1980s, based on record dollars paid for acquisitions. While dollar totals in the past few years have exploded, the number of transactions during the period have not. (See page 7 for dollar total discussion.)

QUARTERLY NET MERGER-ACQUISITION ANNOUNCEMENTS
1973-1986

Year	First	Second	Third	Fourth	Annual
1973	1,214	984	981	861	4,040
1974	878	791	660	532	2,861
1975	579	626	527	565	2,297
1976	557	713	506	500	2,276
1977	490	571	616	547	2,224
1978	511	596	501	498	2,106
1979	580	537	506	505	2,128
1980	411	445	498	535	1,889
1981	599	585	623	588	2,395
1982	604	594	574	574	2,346
1983	540	595	677	721	2,533
1984	710	627	562	644	2,543
1985	829	734	732	706	3,001
1986	727	800	907	902	3,336

Source: W. T. Grimm & Co.

Figure 2.

Net merger and acquisition announcements in the 1986 first quarter fell 12% to 727 from 829 in the comparable year earlier period, but the second, third and fourth quarters showed increases of 9%, 24% and 28% respectively over the comparable 1985 quarters. Announcements in both the third and fourth quarters of 1986 were the highest since the third quarter of 1973.

The following table (figure 3) segregates merger announcements into (1) divestitures, (2) acquisitions of publicly traded companies, (3) acquisitions of privately held companies, and (4) acquisitions of foreign companies by U.S. firms. Each of the last three transaction groupings consists of acquisitions of entire companies, as opposed to the first category, divestitures, which includes the purchase of divisions, subsidiaries, or certain assets of parent companies.

COMPOSITION OF NET MERGER-ACQUISITION ANNOUNCEMENTS

First Quarter 1983-Fourth Quarter 1986

		Acquisitions of			
Quarter	Divestitures	Publicly Traded Sellers	Privately Owned Sellers	Foreign Sellers	Net Announcements
1st -1983	194	39	289	18	540
2nd-1983	236	51	282	26	595
3rd -1983	264	40	350	23	677
4th -1983	238	60	395	28	721
Annual	932	190	1,316	95	2,533
1st -1984	258	62	367	23	710
2nd-1984	204	61	343	19	627
3rd -1984	186	56	294	26	562
4th -1984	252	32	347	13	644
Annual	900	211	1,351	81	2,543
1st -1985	346	96	361	26	829
2nd-1985	294	93	317	30	734
3rd -1985	313	79	324	16	732
4th -1985	265	68	356	17	706
Annual	1,218	336	1,358	89	3,001
1st -1986	295	94	317	21	727
2nd-1986	305	93	370	32	800
3rd -1986	383	100	404	21	908
4th -1986	276	99	507	19	901
Annual	1,259	386	1,598	93	3,336

Source: W. T. Grimm & Co.

Figure 3.

As indicated above, the 1986 increase was most conspicuous in the category of privately owned sellers. There were 1,598 transactions, up 18% from 1,358 in 1985. Close behind percentage-wise were the 386 transactions in the publicly traded sellers group, up 15% from 336 in 1985. Divestitures and foreign sellers were relatively flat.

Net announcements in 1985 were up from 1984 because of increases in divestitures and publicly traded sellers.

A closer look at activity in the first and second halves of 1985 and 1986 is revealing. Note the decline in divestitures in the first half of 1986 vs. 1985, and the increase in the second half. And note the large increases for publicly traded sellers and privately owned sellers in the second half of 1986 as compared to the second half of 1985.

1985	Divestitures	Publicly Traded Sellers	Privately Owned Sellers	Foreign Sellers	Net Announcements
1st half	640	189	678	56	1,563
2nd half	578	147	680	33	1,438
1986					
1st half	600	187	687	53	1,527
2nd half	659	199	911	40	1,809

Figure 4 provides an annual survey of acquisition activity among the four transaction types since 1976. Numbers of deals are provided for each grouping along with the respective percentages of total activity.

COMPOSITION OF NET MERGER-ACQUISITION ANNOUNCEMENTS
1976-1986

		Acquisitions of			
Year	**Divestitures**	**Publicly Traded Sellers**	**Privately Owned Sellers**	**Foreign Sellers**	**Net Announcements**
1976	1,204 (53%)	163 (7%)	856 (38%)	53 (2%)	2,276
1977	1,002 (45%)	193 (9%)	971 (44%)	58 (2%)	2,224
1978	820 (39%)	260 (12%)	969 (46%)	57 (3%)	2,106
1979	752 (35%)	248 (12%)	1,049 (49%)	79 (4%)	2,128
1980	666 (35%)	173 (9%)	988 (52%)	62 (4%)	1,889
1981	830 (35%)	168 (7%)	1,330 (55%)	67 (3%)	2,395
1982	875 (37%)	180 (8%)	1,222 (52%)	69 (3%)	2,346
1983	932 (37%)	190 (7%)	1,316 (52%)	95 (4%)	2,533
1984	900 (36%)	211 (8%)	1,351 (53%)	81 (3%)	2,543
1985	1,218 (41%)	336 (11%)	1,358 (45%)	89 (3%)	3,001
1986	1,259 (38%)	386 (11%)	1,598 (48%)	93 (3%)	3,336

Source: W. T. Grimm & Co.

Figure 4. (Composition data available since 1976.)

The four transaction types are further analyzed in their respective chapters. A discussion of divestitures begins on page 68, acquisitions of publicly traded sellers on page 83, acquisitions of privately owned companies on page 94, and foreign sellers on page 57.

TOTAL DOLLAR VALUE PAID

The total dollar value paid for the 1,468 (See Figure 5) transactions providing a purchase price in 1986 dipped 4% to $173.1 billion, from the record $179.8 billion in 1985, but was still substantially (42%) above the $122.2 billion recorded in 1984. There were 27 $1-billion-plus transactions totalling $50.8 billion, compared to 36 $1-billion-plus transactions aggregating $92.7 billion in 1985, "The Year of the Megadeals." Each of the seven largest transactions in 1985 was bigger than the No. one deal in 1986 (Burroughs-Sperry). And the aggregate value of those seven in 1985 was $35.9 billion, compared to the aggregate of $24.7 billion for the top seven in 1986.

The average price record of $136.2 million set in 1985 fell 13% to $117.9 million in 1986, but the median price reached a new high of $24.9 million, up 18% from 1985.

AVERAGE & MEDIAN PURCHASE PRICE
1968-1986
(millions of dollars)

				Number of Transactions Valued at			
Year	Total Dollar Value Paid	Base*	Total**	$100MM or More	$1,000MM or More	Average Price	Median Price
1968	$ 43,609.0	1,514	4,462	46	-	$ 28.8	na
1969	23,710.9	2,300	6,107	24	-	10.3	na
1970	16,414.9	1,671	5,152	10	1	9.8	na
1971	12,619.3	1,707	4,608	7	-	7.4	na
1972	16,680.5	1,930	4,801	15	-	8.6	$ 2.8
1973	16,664.5	1,574	4,040	28	-	10.6	3.4
1974	12,465.6	995	2,861	15	-	12.5	3.6
1975	11,796.4	848	2,297	14	1	13.9	4.3
1976	20,029.5	998	2,276	39	1	20.1	5.1
1977	21,937.1	1,032	2,224	41	-	21.3	6.6
1978	34,180.4	1,071	2,106	80	1	31.9	8.1
1979	43,535.1	1,047	2,128	83	3	41.6	8.5
1980	44,345.7	890	1,889	94	4	49.8	9.3
1981	82,617.6	1,126	2,395	113	12	73.4	9.0
1982	53,754.5	930	2,346	116	6	57.8	10.5
1983	73,080.5	1,077	2,533	138	11	67.9	16.5
1984	122,223.7	1,084	2,543	200	18	112.8	20.1
1985	179,767.5	1,320	3,001	270	36	136.2	21.1
1986	173,136.9	1,468	3,336	346	27	117.9	24.9
Total	1,002,569.6	24,582	61,105	1,679	121		

*Base: The number of transactions which disclosed a purchase price.
**Total: Net merger-acquisition announcements.

Source: W. T. Grimm & Co.

Figure 5.

Figure 6 provides the number of transactions within each of six different purchase price ranges along with the respective percentages of all transactions disclosing a purchase price.

VALUE OF NET MERGER-ACQUISITION ANNOUNCEMENTS
1976-1986

	$0.5-5.0MM	$5.1-25.0MM	$25.1-99.9MM	$100.0-499.9MM	$500.0-999.9MM	Over 999.9MM	Base*
1976	498 (50%)	344 (34%)	117 (12%)	35 (4%)	3 (-)	1 (-)	998
1977	451 (44%)	377 (36%)	163 (16%)	39 (4%)	2 (-)	—	1,032
1978	417 (39%)	404 (38%)	170 (16%)	76 (7%)	3 (-)	1 (-)	1,071
1979	387 (36%)	393 (38%)	184 (18%)	69 (7%)	11 (1%)	3 (-)	1,047
1980	306 (35%)	324 (36%)	166 (19%)	80 (9%)	10 (1%)	4 (-)	890
1981	388 (35%)	433 (38%)	192 (17%)	86 (8%)	15 (1%)	12 (1%)	1,126
1982	296 (32%)	338 (36%)	180 (20%)	96 (10%)	14 (2%)	6 (-)	930
1983	321 (30%)	380 (35%)	238 (22%)	104 (10%)	23 (2%)	11 (1%)	1,077
1984	270 (25%)	361 (33%)	253 (23%)	166 (15%)	16 (2%)	18 (2%)	1,084
1985	296 (23%)	454 (34%)	300 (23%)	204 (15%)	30 (2%)	36 (3%)	1,320
1986	219 (15%)	519 (35%)	384 (26%)	260 (18%)	59 (4%)	27 (2%)	1,468

*Base: Number of transactions which disclosed a purchase price.

Source: W. T. Grimm & Co.

Figure 6.

Historical Note

A striking characteristic of merger activity within the last ten years has been the number of sizable transactions. The number of $100 million-plus acquisitions grew more than 23 times from 1974 to 1986. Unlike the 1960s' conglomerate builders whose growth plans emphasized acquisitions of small and medium sized firms operating in a variety of unrelated businesses, many of the merger participants in the last decade were large, well established concerns acquiring financially healthy and well-managed companies enjoying strong market positions. The acquired companies, in most cases, ranked first or second within their industries.

This long-term increase in large-scale consolidations reflected a widespread corporate management response to the rapidly changing economic environment of the last ten years. Given high inflation rates, the high cost of capital and the low marketplace valuation of assets, merger and acquisition strategies became primary management tools for overcoming declining growth rates. Merger and acquisition plans were, in turn, strongly supported by the development and application of new strategic planning and control methods. Acquisitions enabled acquirers in mature slow-growing industries to add new sources of earnings, resulting in newer and larger conglomerates or multicompanies such as Allied Corp., Allegheny International, Esmark, RCA, and United Technologies.

Within the last three years, acquisitions have surpassed the billion dollar mark as multicompanies and conglomerates of roughly the same size consolidate their operations in order to meet the challenges of the current economic environment. Allied Corp. acquired Signal Cos., creating the 16th largest U.S. industrial corporation. Esmark was acquired by Beatrice Cos. which, in turn, went private. General Electric Co. acquired RCA Corp.

Hence, with well established companies participating, strategies emphasizing growth through acquisition became admissible courses of action. Corporate takeovers were no longer regarded as the high-flying *schemes of 1960s' conglomerates, but as viable components of corporate planning. The respectability was reinforced by the tremendous growth in merger-acquisition departments of not only investment banks, but of law firms, accounting and management consulting firms, and commercial banks. Today, an entire, sophisticated support structure exists for companies considering acquisitions.*

COMPOSITION OF NET ACQUISITION ANNOUNCEMENTS

(Millions of Dollars)

TOTAL DOLLAR VALUE PAID
1982-1986

	Total Dollar Value [Base]				
	1982	**1983**	**1984**	**1985**	**1986**
Divestitures	$16,050.3[317]	$24,173.9[376]	$ 29,379.0[401]	$ 45,825.6[525]	$ 59,926.9[543]
Publicly Traded Sellers	31,501.8[176]	39,471.4[181]	82,731.0[204]	116,675.5[321]	89,866.2[352]
Privately Owned Sellers	5,916.9[420]	8,079.4[500]	8,734.8[445]	16,851.6[453]	22,025.4[548]
Foreign Sellers	285.5[17]	1,355.8[20]	1,378.9[34]	414.8[21]	1,318.4[25]
All Transactions	$53,754.5[930]	$73,080.5[1,077]	$122,223.7[1,084]	$179,767.5[1,320]	$173,136.9[1,468]

AVERAGE & MEDIAN PURCHASE PRICE

	Average Purchase Price					Median Purchase Price				
	1982	**1983**	**1984**	**1985**	**1986**	**1982**	**1983**	**1984**	**1985**	**1986**
Divestitures	$ 50.6	$ 64.3	$ 73.3	$ 87.3	$110.4	$12.6	$14.2	$24.6	$23.4	$32.7
Publicly Traded Sellers	179.0	218.1	405.5	363.4	254.6	65.2	70.8	90.6	67.7	81.2
Privately Owned Sellers	14.1	16.2	19.6	37.2	40.2	5.9	7.3	7.6	8.7	17.7
Foreign Sellers	16.8	67.8	40.6	19.8	52.7	1.9	9.0	4.9	9.5	19.6
All Transactions	57.8	67.9	112.8	136.2	117.9	10.5	16.5	20.1	21.1	24.9

Source: W. T. Grimm & Co.

Figure 7.

As indicated in Figure 7, except for publicly traded sellers, the total dollar value paid increased in each of the transaction types. Focusing on the volume of $100 million-plus transactions (100-Million-Dollar Club) will demonstrate the effect of such sizable deals on the dollar total for each of the transaction groupings and on the overall dollar total. Figure 8 provides such an analysis by showing the number of $100 million-plus deals and the dollar value for each transaction type.

COMPOSITION OF W.T. GRIMM & CO. 100-MILLION-DOLLAR CLUB
1983-1986

	Dollar Value (Base*)							
Transaction Type	**1983**		**1984**		**1985**		**1986**	
Divestitures	$17,532.2	(53)	$ 22,033.3	(83)	$ 36,309.1	(120)	$ 49,851.7	(146)
Publicly Traded Sellers	35,218.8	(73)	78,612.6	(95)	111,221.0	(134)	82,122.3	(150)
Privately Owned Sellers	1,867.0	(8)	3,447.5	(19)	10,486.9	(15)	11,681.0	(45)
Foreign Sellers	1,091.5	(4)	674.7	(3)	116.3	(1)	725.3	(5)
Totals	$55,709.5	(138)	$104,768.1	(200)	$158,133.3	(270)	$144,380.3	(346)

*Number of transactions within transaction type over 100 million dollars.

Source: W. T. Grimm & Co.

Figure 8.

Transaction Trends

All four transaction types showed an increase in the number of transactions in 1986 over 1985. The total dollar value of transactions showed an increase in all categories except acquisitions of publicly traded sellers, which decreased 26% from 1985 - from $111.2 billion to $82.1 billion.

There were 10 fewer billion-dollar deals in 1986 than in 1985, but the 346 $100-million-or-more deals, compared to 270 in 1985, set a record.

Divestitures

Divestitures valued at $100 million or more rose 37.5% from $36.3 billion to $49.9 billion, which represented 83% of 1986's total divestiture value. There were eight billion-dollar-plus divestitures in 1986, compared to six in 1985. The largest divestiture was Tenneco Inc.'s sale of the Philadelphia Insurance Co. and Southwest Life Insurance to ICH Corp. for $1.5 billion.

Publicly Traded Sellers

The $82.1 billion tabulated for the 150 sizable acquisitions of publicly traded companies in 1986 accounted for 91% of the $89.9 billion tabulated for all acquisitions of public sellers. Publicly traded acquisitions valued at $1 billion or more numbered 18, compared with 28 in 1985. The two largest acquisitions in 1986 were the $4.4 billion purchase of the Sperry Corp. by Burroughs Corp. (involving a new corporate name, Unisys) and the $4.2 billion purchase of Safeway Stores Inc. by SSI Holdings Corp. However, the Burroughs-Sperry deal was only the 14th largest transaction in U.S. corporate history.

Privately Owned Sellers

The $100-Million Club aggregate for privately held acquisitions in 1986 rose to $11.7 billion, an 11% increase from the 1985 figure. The $11.7 billion accounted for 53% of the $22 billion paid in all acquisitions of privately held sellers.

The acquisition of JTL Corp. (the nation's largest coke bottler) by Coca Cola Corp. was the only one-billion-dollar-plus deal in 1986, but the number of $100-million-plus transactions jumped from 15 in 1985 to 45 in 1986, a three-fold increase.

Foreign Sellers

There were five acquisitions of foreign sellers in 1986, as compared to one in 1985. The largest acquisition was Cannon Group Inc.'s purchase of Screen Entertainment for $226.6 million.

$100-Million Deals vs. All Transactions

The $144.4 billion paid for the 346 deals in the 100-Million-Dollar Club accounted for 83% of the $173.1 computed for all transactions disclosing a price in 1986, compared with 88% of 1985's $179.8 billion.

The 100-Million-Dollar Club of 1986, a listing of 346 transactions, begins on page 13. Among the 346 transactions valued at $100 million or more in 1986, 21 made the listing of the 100 largest deals in history. In fact, the 1980s witnessed 93 of the largest 100 deals in history, reflecting the Reagan Administration's "bigness is not badness" approach to merger-acquisition activity.

TOP 100 DEALS IN HISTORY

The years in which the top 100 transactions occurred and the number of transactions in each year are as follows:

1970 — 1
1975 — 1
1976 — 2
1979 — 3
1980 — 4
1981 — 11
1982 — 5
1983 — 9
1984 — 15
1985 — 28
1986 — 21

A listing of the 100 largest deals in history begins on page 33.

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THE W.T. GRIMM & CO. 100-MILLION-DOLLAR CLUB
(Completed/Pending Transactions)
1986

Buyer [business and/or product line]	**Seller** (if applicable, unit sold) [business and/or product line]	**Approximate Price Paid** ***(millions)***	
1. **Burroughs Corp.** [manufactures computers & office equipment]	**Sperry Corp.** [manufactures computers & business machines]	**$ 4,394.2**	**(2)**
* 2. **SSI Holdings Corp.** [takeover group formed by Kohlberg, Kravis, Roberts & Co.]	**Safeway Stores Inc.** [nation's largest chain of supermarkets]	**4,198.4**	**(2)**
3. **Minstar Inc.** [Leisure and industrial products; warehousing] Cancelled in March 1987	**Borg-Warner Corp.** [plastics, automotive parts, chemicals, industrial equipment]	**3,855.5**	**(2)**
* 4. **Kohlberg, Kravis, Roberts & Co.** [investment co. specializing in leveraged buyouts]	**Owens-Illinois Inc.** [packaging manufacturer, financial services, nursing homes]	**3,631.9**	**(2)**
5. **Unilever N.V. - Netherlands** [consumer products, food processing, animal feeds]	**Chesebrough-Pond's Inc.** [cosmetics, health care products, food, chemicals]	**3,092.8**	**(2)**
6. **Hoechst AG - West Germany** [chemicals, pharmaceuticals]	**Celanese Corp.** [chemicals, synthetic fibers]	**2,866.5**	**(2)**
7. **May Department Stores Co.** [145 department stores]	**Associated Dry Goods Corp.** [440 retail stores]	**2,638.0**	**(2)**
8. **Contel Corp.** [holding co. for local telephone cos.]	**Communications Satellite Corp.** [provides transatlantic communications service]	**2,417.6**	**(2)**
9. **Forstmann Little & Co.** [investment partnership]	**Lear Siegler Inc.** [military & commercial aerospace products, electronics]	**1,713.6**	**(2)**
* 10. **Private Group** [led by Viacom's management] Cancelled in March 1987	**Viacom International Inc.** [television programs and motion pictures]	**1,613.8**	**(2)**
11. **ICH Corp.** [insurance holding co.]	**Tenneco Inc.** (Philadelphia Ins. Co. & Southwest Life Ins.) [insurance operations]	**1,500.0**	**(1)**
12. **Ralston Purina Co.** [food and animal feed]	**Union Carbide Corp.** (battery division) [makes Eveready and Energizer batteries]	**1,420.0**	**(1)**
13. **Coca Cola Corp.** [soft drinks]	**JTL Corp.** [nation's largest coke bottler]	**1,400.0**	**(3)**
14. **Private Group** [led by Reliance management]	**Exxon Corp.** (Reliance Electric Co.) [electric motors and communications equipment]	**1,350.0**	**(1)**

The transaction type is indicated for each deal by one of four codes appearing to the right of the purchase price: (1) denotes a divestiture, (2) an acquisition of a publicly traded company, (3) an acquisition of a privately owned company, and (4) an acquisition of a foreign based company.

#Statutory Merger—Companies consolidate to form new entity; there is no buyer and no seller, both companies receive stock in new merged entity; value determined by combining the respective market values of participants.

*Leveraged Buyout—deals which were publicly announced to be leveraged.

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
* 15. **Private Group** [led by Playtex management]	**Beatrice Cos.** (International Playtex Inc.) [garments, hosiery, personal care products]	$ 1,250.0	(1)
* 16. **Private Group** [led by Revco management]	**Revco D.S. Inc.** [drugstore chain]	1,227.2	(2)
17. **Union Pacific Corp.** [railroad, energy and natural resources]	**Overnite Transportation Co.** [nation's 5th largest motor carrier]	1,200.0	(2)
18. **Southwestern Bell Corp.** [regional telephone co.]	**Metromedia Inc.** (cellular-telephone and paging operations) [mobile telecommunications]	1,200.0	(1)
19. **Chemical New York Corp.** [bank]	**Texas Commerce Bancshares** [bank]	1,196.8	(2)
20. **Lockheed Corp.** [military aircraft, missiles & space hardware]	**Sanders Associates Inc.** [defense electronics]	1,174.9	(2)
21. **Wickes Cos.** [consumer products retailer]	**Collins & Aikman Corp.** [fabrics, yarns, and wall coverings]	1,155.4	(2)
22. **Wells Fargo & Co.** [bank holding co.]	**Midland Bank PLC - United Kingdom** (Crocker National Corp.) [bank]	1,080.0	(1)
23. **International Paper Co.** [world's largest paper maker]	**Hammermill Co.** [paper and paper products]	1,077.2	(2)
24. **L'Air Liquide S.A. - France** [International supplier of industrial gases]	**Big Three Industries Inc.** [industrial gases, energy services]	1,061.9	(2)
25. **Textron Inc.** [aircraft engines, commercial products, and auto parts]	**Ex-Cell-O Corp.** [machine tools, automotive and aerospace parts]	1,047.5	(2)
26. **Honeywell Inc.** [navigation and flight-control products]	**Unisys Corp.** (Sperry Aerospace) [aircraft instrumentation]	1,030.0	(1)
27. **Coca Cola Corp.** [soft drinks]	**Beatrice Cos.** (U.S. & Canadian coke bottling operations) [soft drink bottling]	1,000.0	(1)
28. **UAL Inc.** [holding co.: airline, hotels, rental cars]	**Transworld Corp.** (Hilton International Corp.) [international hotel chain]	980.0	(1)
* 29. **Private Group** [William D. Ruckelshaus and Investors] Cancellation reported in 1987.	**Public Service Co. of Indiana** [electric utility]	915.5	(2)
30. **Trafalgar Holdings Ltd.** [investment organization]	**Grand Metropolitan PLC - United Kingdom** (Intercontinental and Forum chains) [hotel operations]	900.0	(1)
31. **Pepsico Inc.** [soft drinks, restaurants]	**RJR Nabisco Inc.** (Kentucky Fried Chicken) [worldwide restaurant chain]	850.0	(1)
32. **Pacific Lighting Corp.** [utility holding co.]	**Thrifty Corp.** [retail drug and discount stores]	805.6	(2)
33. **Quaker Oats Co.** [food products, pet food]	**Anderson Clayton Co.** [food products]	803.9	(2)
34. **Occidental Petroleum Corp.** [oil/gas, natural resources]	**Diamond Shamrock Corp.** (Diamond Shamrock Chemicals Co.) [chemicals]	800.0	(1)

# Statutory Merger
* Leveraged Buyout

(1) Divestiture
(2) Public Seller

(3) Private Seller
(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	**Seller** (if applicable, unit sold) [business and/or product line]	**Approximate Price Paid *(millions)***	
35. Private Group [led by Union Carbide executives]	**Union Carbide Corp.** (Home and Auto Products Div.) [Prestone antifreeze, Glad plastic bags]	**$ 800.0**	**(1)**
36. Mesa Ltd. Partnership [formed by Mesa Petroleum]	**Pioneer Corp.** [oil and gas]	**762.4**	**(2)**
37. Avery Inc. [coal mining]	**Uniroyal Inc.** (Uniroyal Chemical Co.) [chemicals]	**760.0**	**(1)**
38. Suntrust Banks Inc. [bank holding co.]	**Third National Corp.** [bank holding co.]	**757.5**	**(2)**
39. A B Electrolux - Sweden [consumer products, appliances]	**White Consolidated Ind. Inc.** [third largest US appliance maker]	**742.7**	**(2)**
40. Private Group [led by Fruehauf management]	**Fruehauf Corp.** [truck trailers and auto parts]	**721.5**	**(2)**
41. Private Group [led by president of Patrick Media group]	**Metromedia Inc.** (Outdoor Advertising Associates) [billboard operations]	**710.0**	**(1)**
42. Private Group [Jefferson Smurfit Corp. and Morgan Stanley Co.]	**Mobil Corp.** (Container Corp. of America) [packaging]	**700.0**	**(1)**
43. Maytag Co. [makes home appliances]	**Magic Chef Inc.** [makes home appliances]	**691.2**	**(2)**
44. First Union Corp. [bank holding co.]	**First Railroad & Banking Co. of GA** [banking and real estate]	**687.7**	**(2)**
45. LLC Corp. [steel products, fast-foods]	**Amalgamated Sugar Co.** [refines sugar, forest products]	**684.8**	**(2)**
46. Midlantic Banks Inc. [bank holding co.]	**Continental Bancorp Inc.** [bank holding co.]	**671.6**	**(2)**
47. Private Group [led by Amsted management]	**Amsted Ind. Inc.** [steel castings for railroad and pipe industry]	**661.1**	**(2)**
48. Citicorp [bank holding co.]	**Quotron System inc.** [security quotations and data base service]	**657.6**	**(2)**
49. CSX Corp. [transportation and natural resources]	**Sea-Land Corp.** [container shipping]	**650.6**	**(2)**
50. Delta Air Lines [nation's 6th largest air carrier]	**Western Airlines** [nation's 9th largest air carrier]	**650.5**	**(2)**
51. Yves Saint Laurent S.A. - France [luxury consumer products, fashion clothing]	**Squibb Corp.** (Charles of the Ritz Group Ltd.) [perfumes and cosmetics]	**631.0**	**(1)**
52. PNC Financial Corp. [bank holding co.]	**Citizens Fidelity Corp.** [bank holding co.]	**630.4**	**(2)**
53. Private Group [led by Robert M. Bass Inc.]	**Wometco Broadcasting Inc.** (Cable TV Unit) [cable TV service]	**625.0**	**(1)**
54. Private Group [Outlet Communications management]	**Rockefeller Group Inc.** (Outlet Communications Co.) [7 TV and 4 radio stations]	**625.0**	**(1)**
55. Private Group [formed by Adler & Shaykin investment firm]	**Joy Manufacturing Co.** [mining and drilling equipment]	**621.0**	**(2)**

# Statutory Merger	(1) Divestiture	(3) Private Seller
* Leveraged Buyout	(2) Public Seller	(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
56. **Schering-Plough Corp.** [pharmaceuticals, cosmetics]	**Key Pharmaceuticals Inc.** [pharmaceuticals]	$ 618.6	(2)
57. **Texas Air Corp.** [air carrier]	**Eastern Airlines** [air carrier]	605.3	(2)
58. **Deutsche Bank of West Germany - West Germany** [bank]	**Bankamerica Corp.** (Banca d'America) [Italian bank]	603.0	(1)
59. **Private Group** [group led by Citicorp Capital Investors]	**Leaseway Transportation Corp.** [trucking co.]	601.8	(2)
60. **General Electric Co.** [electrical equipment, appliances]	**Kidder, Peabody & Co.** [securities firm]	600.0	(3)
61. **Times Mirror Co.** [newspapers, publishing, and forest products]	**A.S. Abell Co.** [newspapers, broadcasting]	600.0	(3)
62. **Heritage Communications Inc.** [cable and commercial broadcasting]	**Rollins Communications Inc.** [cable and commercial TV & radio, outdoor advertising]	599.0	(2)
63. **Prudential Corp. PLC - United Kingdom** [financial services concern]	**Jackson National Life Ins. Co.** [life insurance]	597.0	(2)
64. **Marine Midland Banks Inc.** [bank holding co.]	**First Pennsylvania Corp.** [bank holding co.]	585.0	(2)
65. **Republic Bank Corp.** [bank holding co.]	**Interfirst Corp.** [bank holding co.]	579.8	(2)
66. **Rhone-Poulenc S.A. - France** [chemicals, herbicides, fungicides]	**Union Carbide Corp.** (Agricultural Chemical Div.) [agricultural chemicals]	575.0	(1)
67. **National Distillers & Chemical Corp.** [chemicals, brass, liquor, textiles]	**Enron Corp.** (Enron Chemical Co.) [ethylene, feedstocks, petrochemicals]	575.0	(1)
68. **Bank One Corp.** [bank holding co.]	**American Fletcher Corp.** [bank holding co.]	570.2	(2)
69. **Triangle Industries Inc.** [aluminum and steel cans, plastic containers]	**American Can Co.** (packaging operations) [metal cans, aerosol and other pressurized containers]	570.0	(1)
70. **Siebe PLC - United Kingdom** [industrial equipment]	**Robertshaw Controls Co.** [temperature and industrial controls]	557.5	(2)
71. **Combined International Corp.** [insurance holding co.]	**Peter Kiewit Sons' Inc.** (Life Insurance Co. of Virginia) [life insurance]	557.0	(1)
72. **Boots Co. PLC - United Kingdom** [retail home electronics, industrial products, pharmaceuticals]	**Baxter Travenol Laboratories** (Flint Drug unit) [prescription drugs]	555.0	(1)
73. **Fleet Financial Group** [bank holding Co.]	**Conifer Group Inc.** [bank holding co.]	554.0	(2)
74. **NWA Inc.** [holding co. Northwest Orient Airlines]	**Republic Airlines** [nation's 9th largest air carrier]	550.1	(2)
75. **Private Group** [led by Memorex executives]	**Burroughs Corp.** (assets of Memorex Corp.) [computer sales and service unit]	550.0	(1)

# Statutory Merger	(1) Divestiture	(3) Private Seller
* Leveraged Buyout	(2) Public Seller	(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
76. Dainippon Ink & Chemical Inc. - Japan [printing inks, chemicals, synthetic resins]	**Sun Chemical Corp.** (Graphic Arts Materials group) [printing inks, organic pigments]	$ 550.0	(1)
77. British Petroleum Co. PLC - United Kingdom [transport, refining, and marketing of petroleum and related products]	**Ralston Purina Co.** (Purina Mills Inc.) [animal feeds]	545.0	(1)
78. Private Group [outside investors]	**Penn Central Corp.** (Buckeye Pipeline Co.) [petroleum pipeline]	545.0	(1)
79. Peoples Jewellers Ltd. - Canada [Canadian jewelry chain]	**Zale Corp.-Rem. 85%** [retail jewelry chain]	521.6	(2)
80. Time Inc. [magazine and book publishing, cable TV]	**SFN Cos.** (Scott, Foresman & Co.) [educational publisher]	520.0	(1)
81. Itel Corp. [cargo container and rail car leasing, dredging]	**Anixter Bros.** [distributor of electrical and telecommunications equipment]	509.5	(2)
82. Interco Inc. [makes and retails consumer products]	**Lane Co.** [makes furniture]	505.1	(2)
83. Illinois Tool Works Inc. [tools, fasteners, mechanical products]	**Signode Industries Inc.** [makes strapping, packaging, and fastening systems]	500.0	(3)
84. Hooker Corp. Ltd. - Australia [real estate co.]	**Merrill Lynch & Co.** (commercial real estate unit) [commercial real estate brokerage]	500.0	(1)
85. Private Group [led by Bath Iron management]	**Congoleum Industries Inc.** (Bath Iron Works Corp.) [shipbuilder for U.S. Navy]	500.0	(1)
86. Harcourt Brace Jovanovich Inc. [publisher]	**CBS Inc.** (book publishing operations) [textbooks and medical publications]	500.0	(1)
87. Marriott Corp. [lodging and restaurants]	**Saga Corp.** [restaurant chain, institutional food service management]	499.9	(2)
88. Private Group [formed by investment co., Kelso & Co.]	**Beatrice Cos.** (Americold unit) [refrigerated warehouses]	480.0	(1)
89. Bertelsmann AG - West Germany [publishing and broadcasting]	**Doubleday & Co.** [publishing]	475.0	(3)
90. Private Group [outside investors]	**Warnaco Inc.** [apparel]	471.6	(2)
91. Chemical New York Corp. [bank holding co.]	**Horizon Bancorp.** [bank]	465.0	(2)
92. Private Group [Paine Webber Capital and Fidelco Capital Group]	**Household International Inc.** (National Car Rental System Inc.) [3rd largest U.S. car rental agency]	459.0	(1)
93. Saatchi & Saatchi PLC - United Kingdom [advertising]	**Ted Bates Worldwide Inc.** [advertising]	450.0	(3)
94. AZP Group Inc. [utility holding co.]	**Merabank** [savings & loan]	443.7	(2)

# Statutory Merger	(1) Divestiture	(3) Private Seller
* Leveraged Buyout	(2) Public Seller	(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
95. **Amax Inc.** [minerals and energy, exploration and production]	**Alumax Inc. - Rem. 50%** [aluminum and architectural products]	$ 435.0	(3)
96. **Maxicare Health Plans Inc.** [largest operator of health maintenance organization]	**Health America Corp.** [operator of 4 HMOs]	430.2	(2)
97. **Emerson Electric Co.** [electronic products]	**Liebert Corp.** [makes computer-support systems]	430.0	(2)
98. **Brunswick Corp.** [outboard motors, defense materials, bowling balls]	**Bayliner Marine Corp.** [power boats]	425.0	(3)
99. **DuPont Co.** [chemicals & energy]	**Baxter Travenol Labs Inc.** (American Critical Care) [critical-care drugs, biomedical products]	425.0	(1)
100. **Private Group** [led by Dr. Pepper management]	**Forstmann Little & Co.** (Dr. Pepper Co.) [soft drinks]	416.0	(1)
101. **Ferrell Cos. Inc.** [wholesale petroleum products, liquified natural gas]	**Penn Central Corp.** (Buckeye Gas Products Co.) [retail gas products co.]	415.0	(1)
102. **Private Group** [led by Sheller Globe management]	**Sheller Globe Corp.** [auto parts, electronic instruments, office products]	402.0	(2)
103. **NWA Inc.** [holding co., Northwest Orient Airlines]	**Transworld Airlines** (50% interest in PARS) [travel agency reservation system]	400.0	(1)
104. **United Jersey Banks** [bank holding co.]	**Commercial Bancshares Inc.** [bank holding co.]	395.5	(2)
105. **Fidelcor Inc.** [bank holding co.]	**Merchants Bancorp Inc.** [bank holding co.]	391.6	(2)
106. **Dee Corp. - United Kingdom** [food retailer]	**Herman's Sporting Goods Inc.** [sporting goods retail chain]	391.3	(2)
107. **Telecommunications Inc.** [cable TV systems]	**United Artists Communications Inc. - 51%** [theaters, cable TV, commercial real estate]	390.0	(2)
108. **MCA Inc.** [real estate, entertainment]	**Gencorp** (RKO General's WOR-TV) [New Jersey TV station]	387.0	(1)
109. **Private Group** [formed by Forstmann Little & Co.]	**Midland-Ross Corp.** [metal fabrication, electronics for aerospace industry]	386.7	(2)
110. **Bank of New England Corp.** [bank holding co.]	**Conifer Group Inc.** [bank holding co.]	382.4	(2)
111. **Danaher Corp.** [tires, belts, and other rubber goods]	**Western Pacific Ind. Inc.** [counting devices, industrial fasteners, machined parts, plastic moldings]	377.9	(2)
112. **Osceola Energy Inc.** [group formed by Catalyst Energy and other investment firms]	**Alamito Co.** [electrical utility]	376.5	(2)

# Statutory Merger
* Leveraged Buyout

(1) Divestiture
(2) Public Seller

(3) Private Seller
(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	**Seller** (if applicable, unit sold) [business and/or product line]	**Approximate Price Paid** *(millions)*	
113. **Revlon Group Inc.** [supermarkets, drug stores, cosmetics]	**Beatrice Cos.** (Cosmetic and fragrance business of Platex) [Max Factor, Almay, & Halston lines]	$ 375.0	(1)
114. **Aegon N.V. - Netherlands** [insurance group]	**Monumental Corp.** [insurance]	366.2	(2)
115. **Core States Financial Corp.** [bank holding co.]	**New Jersey National Corp.** [bank holding]	361.3	(2)
116. **VF Corp.** [apparel maker]	**Blue Bell Holding Co.** [apparel maker, Wrangler and Jantzen lines]	361.0	(3)
117. **Sonat Inc.** [oil/gas, forest products]	**HNG/Internorth Inc.** (50% interest in Florida Gas Transmission Co.) [natural gas distribution co.]	360.0	(1)
118. **Maryland National Corp.** [bank holding co.]	**American Security Corp.** [bank holding co.]	350.2	(2)
119. **Cooper Vision Inc.** [contact lenses, eye care products]	**Rorer Group** (Cilco Inc., Richards Medical Co.) [eye care products, surgical implants]	350.0	(1)
120. **Brunswick Corp.** [outboard motors, defense materials, bowling balls]	**Ray Ind. Inc.** [Sea Ray boats]	350.0	(3)
121. **Private Group** [led by retired exec. of Trailways Bus Co.]	**Greyhound Corp.** (Domestic bus operations) [bus operations and buses]	350.0	(1)
122. **Newell Co.** [hardware, housewares]	**Anchor Hocking Corp. - Rem. 95%** [household packaging, hardware]	340.5	(2)
123. **Andover Group** [investment partnership]	**HBO & Co. - Rem. 94.9%** [supplies hospital computer equipment]	338.9	(2)
124. **NV Homes L.P.** [home builder]	**Ryan Homes Inc. - Rem. 93.1%** [home builder]	334.1	(2)
125. **Fort Howard Paper Co.** [food service, paper products]	**Lily-Tulip Inc.** [disposable food service products]	325.8	(2)
126. **Pacific Realty Corp.** [home builder]	**U.S. Home Corp. - Rem. 90.8%** [home builder]	325.3	(2)
127. **Great Western Financial Corp.** [bank holding co.]	**Leucadia National Corp.** (City Finance Co.) [consumer finance co.]	325.0	(1)
128. **IC Industries Inc.** [commercial products, real estate, transportation]	**Ogden Corp.** (Ogden Food Products Corp.) [specialty food co.]	320.0	(1)
129. **Aluminum Company of America** [nation's largest aluminum producer]	**TRE Corp.** [lightweight metals, steel alloys, home products]	315.9	(2)
130. **Louisiana-Pacific Corp.** [forest products]	**Santa Fe Industries Inc.** (Kirby Forest Ind. Inc.) [forest products]	315.0	(1)
131. **Borden Inc.** [grocery and consumer products, chemicals]	**Beatrice Cos.** (Dairy Products Div.) [dairy foods]	315.0	(1)

# Statutory Merger
* Leveraged Buyout

(1) Divestiture
(2) Public Seller

(3) Private Seller
(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	**Seller** (if applicable, unit sold) [business and/or product line]	**Approximate Price Paid** ***(millions)***	
132. **Arkla Inc.** [agricultural and petroleum products, operates gas pipeline]	**Occidental Petroleum Corp.** (Mississippi River Transmission Corp.) [natural gas pipeline]	**$ 305.0**	**(1)**
133. **Masco Corp.** [building products]	**Henredon Furniture Ind. Inc.** [furniture maker]	**301.6**	**(2)**
134. **Private Group** [group includes Hallmark Cards and other investors]	**Spanish International Communications Corp.** [holding co. Spanish language TV stations]	**301.5**	**(3)**
135. **Sedgwick Group PLC - United Kingdom** [insurance holding co.]	**Crump Cos.** [insurance brokerage]	**300.6**	**(2)**
136. **United Artists Corp.** [production and distribution of motion pictures]	**Turner Broadcasting System** (MGM Entertainment Co.) [home video production and distribution]	**300.0**	**(1)**
137. **Knight-Ridder Inc.** [newspaper and broadcasting]	**State-Record Co.** [newspaper publisher]	**300.0**	**(3)**
138. **Private Group** [group includes Cooper Development Co.]	**Revlon Group Inc.** (Technicon Corp.) [medical diagnostic systems]	**300.0**	**(1)**
139. **Lomas & Nettleton Financial Corp.** [mortgage banking firm]	**M Corp.** (MNET) [retail banking operations]	**300.0**	**(1)**
140. **Seatrain Lines Inc.** [shipping concern]	**McCall Publishing Co.** [publisher]	**300.0**	**(3)**
141. **Private Group** [led by former head of W.R. Grace restaurant group]	**Marriott Corp.** (4 Saga Corp. restaurants) [restaurant chain]	**300.0**	**(1)**
142. **Bertelsman AG - West Germany** [publishing and entertainment]	**General Electric Co.** (RCA Record Div) [recording and distribution]	**300.0**	**(1)**
143. **Gannett Co.** [nation's largest newspaper group]	**Courier-Journal & Louisville Times Co.** [publishes 2 Louisville newspapers]	**300.0**	**(3)**
144. **Bank of New York Co.** [bank holding co.]	**Banca Commerciale Italiana - Italy** (North American Bancorp Inc.) [bank holding co.]	**300.0**	**(1)**
145. **Private Group** [led by Retail Div. management]	**W.R. Grace & Co.** (retail assets) [460 retail outlets]	**300.0**	**(1)**
146. **General Felt Ind. Inc.** [home products retailer, furniture, floor coverings]	**Color Tile Inc.** [floor coverings]	**298.8**	**(2)**
147. **Private Group** [led by Republic management]	**Republic Health Corp.** [hospital management]	**295.6**	**(2)**
148. **Petroleos De Venezuela - Venezuela** [state-owned oil company]	**Southland Corp.** (Citgo Petroleum Corp.) [crude oil, gas stations, convenience stores]	**290.0**	**(1)**
149. **Great Atlantic & Pacific Tea Co.** [grocery chain]	**Waldbaum Inc.** [supermarket chain]	**287.2**	**(2)**

# Statutory Merger	(1) Divestiture	(3) Private Seller
* Leveraged Buycut	(2) Public Seller	(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
150. **Private Group** [led by Metromedia management]	**Metromedia Inc.** (9 radio stations and a Texas broadcasting network) [radio broadcasting]	$ 285.0	(1)
151. **Smith Nephew Associated Cos. - United Kingdom** [medical and personal hygiene products]	**CooperVision Inc.** (Richards Medical Co.) [orthopedic products, surgical implants]	283.9	(1)
152. **Reliance Capital Group** [private investment partnership]	**John Blair & Co.** [TV/radio broadcasting, publishing]	275.1	(2)
153. **Provident Life & Accident Ins. Co.** [life and health insurance]	**Transamerica Corp.** (group life and health operations) [group insurance]	275.0	(1)
154. **C.H. Beazer Holdings PLC - United Kingdom** [holding co.]	**Gifford-Hill & Co. Inc.** [construction materials, cement]	274.5	(2)
155. **International Thompson - Canada** [publishing, oil and gas]	**SFN Cos.** (Southwestern Publishing Co.) [publishes business and math texts]	270.0	(1)
156. **Hughes Tool Co.** [drill bits, oil-field equipment]	**Combustion Engineering Inc.** (Vetco Gray Oil-Field Equipment) [off-shore drilling equipment]	270.0	(1)
157. **Mason Best Co.** [investment banking]	**Safeguard Business Systems Inc.** [computerized and manual systems for small businesses]	261.2	(2)
158. **Forstmann Little & Co.** [investment partnership]	**Sybron Corp.** [health equipment]	261.0	(2)
159. **Private Group** [ML Media Partners Inc.]	**Storer Communications Inc.** (California Cable-TV System) [150,000 subscriber system]	260.0	(1)
160. **Fireman's Fund Corp.** [property/casualty insurer]	**Manufacturers Hanover Corp.** (Manufacturers Hanover Mortgage Corp.) [mortgage banking]	260.0	(1)
161. **Johnson & Johnson** [health care products]	**CooperVision Inc.** (Opthalmic Pharmaceutical Div.) [pharmaceuticals for treating eye disease]	260.0	(1)
162. **American Home Products Corp.** [pharmaceuticals, consumer products]	**Chesebrough-Ponds Inc.** (Hospital Products Div.) [nutritional feeding and cardiopulmonary devices]	260.0	(1)
163. **Private Group** [led by management of Pandick]	**Pandick Inc.** [financial and corporate printing services]	250.9	(2)
164. **NBD Bancorp Inc.** [bank holding co.]	**US Ameribancs Inc.** [bank holding co.]	250.0	(3)
165. **Mead Corp.** [paper]	**James River Corp.** (Distribution Div. of Zellerbach Corp.) [distributes specialty papers]	250.0	(1)
166. **Private Group** [led by president of Channel]	**W.R. Grace & Co.** (Channel and Central Region Home Centers) [home improvement centers]	250.0	(1)
167. **Quaker Oats Co.** [packaged foods, consumer products]	**Golden Grain Macaroni Co.** [pasta foods]	250.0	(3)

# Statutory Merger
* Leveraged Buyout

(1) Divestiture
(2) Public Seller

(3) Private Seller
(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	**Seller** (if applicable, unit sold) [business and/or product line]	**Approximate Price Paid** ***(millions)***	
168. **Reed International PLC - United Kingdom** [holding co., publishing, paper, lumber, chemicals]	**Dun & Bradstreet Corp.** (Technical Publishing Co.) [trade and professional magazines]	$ 250.0	(1)
169. **Private Group** [led by Avis management]	**Beatrice Cos.** (Avis Inc.) [nation's 2nd largest car rental agency]	250.0	(1)
170. **Pilkington Brothers PLC - United Kingdom** [Britain's largest glass maker]	**Libbey-Owens-Food Co.** (LOF Glass) [glass and flat-glass products]	249.0	(1)
171. **Pepsico Inc.** [soft drinks, restaurants]	**Philip Morris Cos.** (International Div. of Seven-Up) [3rd largest soft drink business outside of U.S.]	246.0	(1)
172. **Arvin Industries Inc.** [auto parts, catalytic converters]	**Swiss Aluminum Ltd. - Switzerland** (Maremont Corp.) [automotive shock absorbers, gas springs]	245.0	(1)
173. **Private Group** [led by Mayflower chairman]	**Mayflower Group Inc.** [trucking, home products, moving equipment]	242.9	(2)
174. **AM International Inc.** [business graphics equipment]	**Harris Graphics Corp.** [printing equipment]	240.9	(2)
175. **TVX Broadcast Group** [operates independent TV stations]	**Taft Broadcasting Co.** (WTAF, WACA, WCIX, KTXA, KTXH) [independent TV stations]	240.0	(1)
176. **Private Group** [led by Seven-Up management]	**Philip Morris Inc.** (Seven-Up domestic business) [soft drinks]	240.0	(1)
177. **British Petroleum Co. PLC - United Kingdom** [petroleum products]	**Owens-Corning Fiberglass** (Hitco Unit) [advanced materials for aerospace, automotive, and marine industries]	240.0	(1)
178. **Phelps Dodge Corp.** [copper]	**Columbian Chemicals Co.** [carbon black producer]	240.0	(3)
179. **Cavalcade Holdings Inc.** [holding co.]	**K Mart Corp.** (Furrs Cafeteria, Bishop Buffet) [cafeteria style restaurants]	237.0	(1)
180. **Industrial Bank of Japan - Japan** [general banking]	**Aubrey G. Lanston & Co.** [primary dealer in government securities]	234.0	(3)
181. **National Intergroup Inc.** [mining, metals, oil, shipping]	**Foxmayer Corp.** [drug wholesale and distribution]	233.3	(2)
182. **Private Group** [Edelman and other investors]	**Ponderosa Inc. - Rem. 81%** [restaurant]	230.9	(2)
183. **Rowntree Mackintosh PLC - United Kingdom** [candy, snack foods, grocer]	**Sunmark Inc.** [candy, snack foods]	230.0	(3)
184. **Cadbury Schweppes PLC-United Kingdom** [soft drinks, candy, food products]	**RJR Nabisco Inc.** (Canada Dry, Sunkist) [soft drinks, fruit juices]	230.0	(1)
185. **Texas Air Corp.** [airline]	**People Express Inc.** [discount airline]	228.7	(2)

# Statutory Merger	(1) Divestiture	(3) Private Seller
* Leveraged Buyout	(2) Public Seller	(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
186. **Cannon Group Inc.** [film production and distribution]	**Screen Entertainment - United Kingdom** [film production, theaters]	$ 226.6	(4)
187. **Becton, Dickinson & Co.** [health care products]	**Warner-Lambert Co.** (Deseret Medical) [catheters and surgical equipment]	225.0	(1)
188. **Clayton & Dubilier Inc.** [investment co.]	**Minstar Inc.** (AMF Bowling) [bowling equipment, bowling centers]	225.0	(1)
189. **Tarmac PLC - United Kingdom** [aggregates]	**Lone Star Industries Inc.** (60% of Southeastern operations) [cement, concrete products]	225.0	(1)
190. **Trans World Airlines** [air carrier]	**Ozark Holdings Inc.** [parent of Ozark Airlines]	223.7	(2)
191. **Gulf & Western Inc.** [entertainment, publishing, financial services]	**Mann Theaters Corp.** [movie theaters]	220.0	(3)
192. **General Instrument Corp.** [electronic equipment for cable-TV industry]	**M/A-Com Inc.** (Cable and Home Communications Div.) [cable and satellite equipment]	220.0	(1)
193. **Emhart Corp.** [machinery, electronic products]	**Planning Research Corp.** [technical [illegible] computer services, management consulting]	217.4	(2)
194. **Citizens Fidelity Corp.** [bank holding co.]	**First Midwest Bancorp** [bank holding co.]	210.0	(2)
195. **Commerce Union Corp.** [bank holding co.]	**Central South Bancorp Inc.** [bank holding co.]	206.7	(2)
196. **Avon Products Inc.** [cosmetics, women's apparel]	**Mediplex Group Inc.** [nursing homes and other health care facilities]	206.0	(2)
197. **Private Group** [includes budget management]	**Transamerica Corp.** (Budget Rent-A-Car Corp.) [auto rental]	205.0	(1)
198. **Hanson Trust PLC - United Kingdom** [construction and agricultural equipment]	**Kaiser Cement Corp.** [cement products, construction aggregates]	201.8	(2)
199. **Beta ~~Partners~~** [investment partnership]	**Triangle Pacific Corp.** [kitchen & bath cabinets, hardwood floors]	201.5	(2)
200. **International Thomson Organization Ltd. - Canada** [publishing, travel, oil/gas]	**Cordura Corp.** [data-base publishing, employee benefits]	200.7	(2)
201. **Gillett Group Inc.** [broadcasting]	**Times Mirror Co.** (WMAR, WRLH) [TV stations]	200.0	(1)
202. **Eaton Corp.** [high tech. products for auto, electronic, and defense industries]	**Singer Co.** (Controls Div.) [electronic and electro-mechanical controls]	200.0	(1)
203. **Coca Cola Co.** [soft drinks, entertainment]	**Merv Griffin Enterprises** [TV game shows]	200.0	(1)
204. **Ingersoll Publications Co.** [newspaper publisher]	**Jackson Newspapers** [newspaper publisher]	200.0	(3)

# Statutory Merger
* Leveraged Buyout

(1) Divestiture
(2) Public Seller

(3) Private Seller
(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
205. **Private Group** [led by C. Brewer chairman]	**IU International Corp.** (C. Brewer & Co.) [food processing, insurance, real estate development]	**$ 200.0**	**(1)**
206. **Private Group** [private investors]	**General Electric Co.** (North American Co. for Life and Health Insurance) [insurance subsidiary of RCA]	**200.0**	**(1)**
207. **Sandoz Ltd. - Switzerland** [pharmaceuticals & chemicals]	**Farley/Northwest Ind. Inc.** (Agrichemical Div. of Velsicol Chemical Corp.) [agricultural chemicals]	**200.0**	**(1)**
208. **Tribune Co.** [newspapers and broadcasting]	**Daily Press Inc.** [newspapers, cable TV]	**200.0**	**(3)**
209. **Sun Chemical Corp.** [specialty chemicals, inks]	**Chromalloy American Corp. - Rem. 56%** [metal fabrication, transportation, apparel]	**199.8**	**(2)**
210. **Dynamics Corp. of America** [air conditioning equipment, kitchen appliances] Terminated 1/26/87	**CTS Corp. - Rem. 90%** [electronic products]	**198.7**	**(2)**
211. **AVX Corp.** [electronic products]	**CTS Corp.** [electronic products]	**196.0**	**(2)**
212. **Stanley Works** [hardware, tools, garage doors]	**Textron Inc.** (Bostitch) [fastening and nailing power tools, office supplies]	**193.0**	**(1)**
213. **Bruno's Inc.** [retail grocery chain]	**Delchamps Inc.** [supermarket chain]	**192.3**	**(2)**
214. **Lorimar-Telepictures Corp.** [television and film production and distribution]	**Turner Broadcasting System Inc.** (assets of MGM Entertainment) [film processing lab, production facility]	**190.0**	**(1)**
215. **Combustion Engineering Inc.** [provides systems and services to power industry]	**Accuray Corp.** [product measuring and process control systems]	**189.0**	**(2)**
216. **Emerson Electric Co.** [electrical and electronic products]	**Hazeltine Corp.** [designs and markets electronic systems]	**189.0**	**(2)**
217. **Private Group** [outside investors]	**Ceco Industries** [structural and related steel products for construction industry]	**187.0**	**(2)**
218. **National Distillers and Chemical Corp.** [chemicals, liquor and wine, petroleum products]	**Union Texas Petroleum Holdings Inc.** (Texas Corp.) [markets propane gas]	**185.0**	**(1)**
219. **Armstrong Rubber Co.** [automobile tires, synthetic rubber]	**Dayco Corp.** (Automotive & Industrial Products Div.) [customized belts, hoses & couplings]	**185.0**	**(1)**
220. **Taubman Investment Co.** [real estate development, investment co.]	**Carter Hawley Hale Stores** (John Wanamaker Stores) [department stores]	**183.0**	**(1)**
221. **U.S. Bancorp** [bank holding co.]	**Old National Bancorp** [bank holding co.]	**180.0**	**(2)**

# Statutory Merger
* Leveraged Buyout

(1) Divestiture
(2) Public Seller

(3) Private Seller
(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
222. **Private Group** [led by Sun Carriers management]	**Sun Co.** (Sun Carriers Inc.) [motor carrier]	$ 180.0	(1)
223. **Harnischfeger Corp.** [cranes, hoists, excavators]	**Beloit Corp.** [paper making machinery]	175.0	(3)
224. **Cablevision Systems Corp.** [operates cable-TV systems]	**Scripps-Howard Broadcasting** (Cable assets) [2 Connecticut cable systems]	175.0	(1)
225. **Allied Stores Corp.** [department stores]	**B.A.T. Industries PLC - United Kingdom** (10 Gimbels stores) [department stores]	175.0	(1)
226. **Singer Co.** [consumer products, aerospace electronics]	**Textron Inc.** (Dalmo Victor) [electronic warning systems]	174.0	(1)
227. **Onex Capital Corp. - Canada** [investment banking]	**AMR Corp.** (Flagship International Inc.) [airline catering]	170.5	(1)
228. **Onex Capital Corp. - Canada** [investment banking]	**Purolator Courier Corp.** (Purolator Courier Ltd.) [Canadian courier business]	170.0	(1)
229. **TNT Ltd. - Australia** [freight carrier]	**Airborne Freight Corp.** [international air freight and express service]	169.8	(2)
230. **Private Group** [led by Pamida management]	**Pamida Inc.** [discount retailer]	169.5	(3)
231. **Private Group** [outside investors]	**Revere Copper & Brass - Rem. 57%** [fabricate copper and aluminum products]	169.1	(2)
232. **Cineplex Odeon Corp. - Canada** [operates 1,147 movie theaters]	**RKO Century Warner Theaters Inc.** [operates 97 movie theaters]	169.0	(3)
233. **Hercules Inc.** [specialty chemicals, aerospace] Offer Cancelled 1/16/87	**Accuray Corp.** [measuring and process control systems]	168.0	(2)
234. **Royal Trustco Ltd. - Canada** [savings and loan]	**Dow Chemical Co.** (Dow Financial Services Corp.) [bank, securities dealer]	168.0	(1)
235. **Private Group** [outside investor]	**Northwestern Steel & Wire Co.** [steel and steel products]	165.0	(2)
236. **Sonoco Products Co.** [industrial and consumer products, packaging]	**Boise Cascade Corp.** (Consumer Packaging Div.) [cans and plastic bottles]	165.0	(1)
237. **John Labatt Ltd. - Canada** [brewing and food processing]	**Pasquale Food Co.** [supplies pizza ingredients to groceries]	164.7	(2)
238. **Dean Foods Co.** [food processing and distribution]	**Larsen Co.** [processes canned and frozen vegetables]	163.6	(2)
239. **Henley Group Inc.** [outside investors]	**Warner-Lambert Co.** (IMED Corp.) [flow control systems for Intravenous systems]	163.5	(1)
240. **Private Group** [led by Kusan management]	**Bethlehem Steel Corp.** (Kusan Inc.) [oil equipment, building products]	163.0	(1)

# Statutory Merger	(1) Divestiture	(3) Private Seller
* Leveraged Buyout	(2) Public Seller	(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
241. **Smith-Vasilov Management Co.** [investment co.]	**Revere Copper & Brass Inc.** [copper and aluminum products]	$ 161.6	(2)
242. **Great Atlantic & Pacific Tea Co.** [supermarkets] Cancellation not reported until 1987	**Delchamps Inc.** [supermarket chain]	160.9	(2)
243. **Private Group** [led by specialty products management]	**LTV Corp.** (LTV Specialty Steel Products Corp.) [stainless steel, strip steel]	160.0	(1)
244. **Travelers Corp.** [insurance company]	**Dillon Read & Co.** [investment banking]	157.5	(3)
245. **USG Corp.** [building products]	**D.A.B. Holding Corp.** [building products]	156.5	(3)
246. **Inter-City Gas Corp. - Canada** [oil and gas, heating and cooling equipment]	**Whirlpool Corp.** (Heil-Quaker Home Systems) [residential heating and cooling systems]	156.0	(1)
247. **Wang Laboratories** [office - automation equipment]	**Intecom Inc. - Rem. 80%** [integrated telecommunications switching systems]	156.0	(2)
248. **Northern Pacific Corp.** [auto supply and apparel retail outlets]	**Lucky Stores** (Checker Auto Parts) [retail auto parts]	155.0	(1)
249. **Continental Telecom Inc.** [telecommunications]	**Western Union Telegraph Co.** (Government Systems Div.) [private communications and information services for government]	155.0	(1)
250. **Commacq Inc.** [broadcasting]	**SFN Cos. Inc.** (WAPA-TV, WSBF-TV, WTVM-TV, KCAP-AM, KZMT-FM, KGVO-AM) [radio and television stations]	155.0	(1)
251. **Harley Davidson Inc.** [motorcycles, recreational products]	**Holiday Rambler Corp.** [recreational and specialized commercial vehicles]	155.0	(3)
252. **Barnett Banks of Florida Inc.** [bank holding co.]	**Home Federal Bank of Florida** [savings and loan]	154.8	(2)
253. **H&C Communications Inc.** [television broadcasting]	**Outlet Communications Co.** (KSAT-TV) [Texas ABC TV affiliate]	153.0	(1)
254. **MLX Corp.** [friction material for aircraft brakes]	**Hillman Co.** (Pameco Corp.) [refrigeration and air conditioning products]	152.5	(1)
255. **British Printing & Communication Corp.- United Kingdom** [printing, packaging, publishing]	**Providence Journal Co.** (Providence Gravure Inc.) [printing co.]	152.0	(1)
256. **Private Group** [led by management of Scott and Burpee]	**ITT Corp.** (O.M. Scott & Sons, W. Atlee Burpee Co.) [seed, lawn & garden equipment]	150.0	(1)
257. **Republic New York Corp.** [bank holding co.]	**Williamburg Savings Bank** [mutual bank]	150.0	(3)
258. **Boise Cascade Corp.** [forest products]	**Hanson Trust PLC - United Kingdom** (Allied Paper operations) [pulp mill, paper mill, lumber yard]	150.0	(1)

# Statutory Merger
* Leveraged Buyout

(1) Divestiture
(2) Public Seller

(3) Private Seller
(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
259. **Zapata Gulf Marine Corp.** [marine transportation]	**Texas Eastern Corp.** (Seahorse Inc.) [marine transportation]	$ 150.0	(1)
260. **Siebe PLC - United Kingdom** [engineering and safety products]	**Ranco Inc.** [control devices and components]	148.4	(2)
261. **Private Group** [led by Graphic Control management]	**Times Mirror Co.** (Graphic Controls Corp.) [recording charts, disposable medical products]	146.0	(1)
262. **Private Group** [led by American Bakeries chairman]	**American Bakeries Co.** [nation's largest baker]	145.5	(2)
263. **Western Tele-Communications Inc.** [provides microwave transmission capacity to phone and cable cos.]	**Televents Group Inc.** [cable-TV concern]	145.0	(3)
264. **Metromedia Inc.** [broadcasting, telecommunications]	**Graphic Scanning Corp.** (certain cellular-telephone assets) [cellular-telephone franchises]	145.0	(1)
265. **Private Group** [led by Sun-Times management]	**Chicago Sun-Times** [newspaper]	145.0	(3)
266. **CPC International Inc.** [grocery products, corn processing]	**Arnold Foods Co.** [bakery]	145.0	(3)
267. **Private Group** [outside investor] Cancelled 2/5/87	**Heck's Inc.** [discount shoe retailer]	144.2	(2)
268. **Private Group** [outside investor]	**Talley Industries Inc.** [aerospace and industrial products]	143.7	(2)
269. **General Accident Fire & Life Assurance Corp. - United Kingdom** [Britain's 3rd largest insurer]	**Reliance Financial Services Corp.** (Pilot Insurance Co.) [insurance]	143.5	(1)
270. **Private Group** [outside investors]	**Chicago Pneumatic Tool Co.** [industrial machinery and equipment]	143.0	(2)
271. **Varity Corp. - Canada** [farm and industrial machinery, diesel engines]	**Dayton Walther Corp.** [automobile parts, building products]	142.8	(3)
272. **Private Group** [Century Communications Corp. and ML Media Partners]	**Cable Television Co. of Greater San Juan Inc. - Puerto Rico** [Puerto Rico cable-TV system]	141.7	(4)
273. **Shawmut Corp.** [bank holding co.]	**Society For Savings** [savings bank]	141.4	(2)
274. **Private Group** [led by management of Holly Sugar]	**Holly Sugar Corp.** [beet sugar and by-products]	140.1	(2)
275. **Bell Atlantic Corp.** [regional telephone co.]	**Greyhound Corp.** (Greyhound Capital Corp.) [computer leasing unit]	140.0	(1)
276. **Rio Tinto-Zinc Corp. PLC - United Kingdom** [mining, metals, industrial chemicals]	**Celanese Corp.** (specialty chemical assets) [specialty resins and water soluble polymer business]	138.0	(1)

# Statutory Merger
* Leveraged Buyout

(1) Divestiture
(2) Public Seller

(3) Private Seller
(4) Foreign Seller

Source: W.T. Grimm & Co.

	Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
277.	**Continental Illinois Corp.** [bank holding co.]	**Spear Leeds & Kellogg** (First Options of Chicago Inc.) [options and futures clearing co.]	$ 136.0	(1)
278.	**North American Ventures Inc.** [investment co.]	**Butler International Inc.** [aviation ground services]	135.5	(2)
279.	**Seatex Group Inc. - Australia** [casino/hotel chain] Terminated 3/13/87	**Resorts International Inc.** [resort and tourist facilities]	135.4	(2)
280.	**Centel Corp.** [telecommunications, cable TV]	**Perry Cable Cos.** [southern Florida cable-TV co.]	135.0	(3)
281.	**Polycast Technology Corp.** [cell cast acrylic sheet, thermoplastic sheet, acrylic rods and tubes]	**Uniroyal Inc.** (Uniroyal Plastics Co. Inc.) [high-tech rubber and plastic products]	134.0	(1)
282.	**Interco Inc.** [apparel consumer products manufacture and retail]	**Converse Inc. - Rem. 90.4%** [athletic shoes]	131.9	(2)
* 283.	**Private Group** [includes Components management]	**PT Components Inc.** [power transmission parts]	131.1	(2)
284.	**Sara Lee Corp.** [food and consumer products]	**Nicholas Kiwi Australasia Ltd. - Rem. 74% - Australia** [shoe polish, household products]	130.0	(4)
285.	**Southwest Gas Corp.** [natural gas utility]	**Nevada Savings & Loan Association** [savings and loan]	128.8	(2)
286.	**AMR Corp.** [holding co. American Airlines]	**ACI Holdings** [holding co. Aircal Inc.]	127.9	(2)
287.	**Service Corp. International** [funeral homes, cemeteries]	**Amedco Inc.** [hospital beds, health equipment, nursing homes, funeral supplies]	125.9	(2)
288.	**Gates Corp.** [automotive and industrial belts]	**Uniroyal Inc.** (Uniroyal Power Transmission Co.) [engine belts and rubber products]	125.0	(1)
289.	**Gulf & Western Industries Inc.** [entertainment, publishing, financial services]	**SFN Cos.** (Silver Burdett Co.) [publishes school textbooks]	125.0	(1)
290.	**SBK Entertainment World Inc.** [outside investors]	**CBS Inc.** (certain music assets) [music publishing business]	125.0	(1)
291.	**Shaklee Corp.** [direct sales of nutritional and personal care items]	**RJR Nabisco** (Bear Creek Corp.) [direct marketer of flowers, fruit, gourmet foods]	123.0	(1)
292.	**Monarch Capital Corp.** [insurance]	**Narragansett Capital Corp.** [venture capital co.]	121.8	(2)
293.	**Oklahoma Gas & Electric Co.** [electric utility]	**Mustang Fuel Corp.** [gas pipeline, oil/gas exploration]	121.1	(3)
294.	**Louisiana Land & Exploration Co.** [oil and gas exploration]	**Inexco Oil Co..** [oil and gas exploration]	120.6	(2)
295.	**Private Group** [led by Fair Lanes management]	**Fair Lanes Inc.** [bowling centers, restaurants]	120.5	(2)

# Statutory Merger
* Leveraged Buyout

(1) Divestiture
(2) Public Seller

(3) Private Seller
(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	**Seller** (if applicable, unit sold) [business and/or product line]	**Approximate Price Paid *(millions)***	
296. Private Group [led by Simmons management]	**Wickes Cos.** (Simmons Bedding Div.) [domestic and international mattress manufacturing]	$ 120.0	(1)
297. American Brands Inc. [tobacco, beverages, consumer products]	**NSS Newsagents PLC - United Kingdom** [retail tobacco products]	120.0	(4)
298. Community Health Systems Inc. [health services]	**National Medical Enterprises Inc.** (certain health service assets) [5 hospitals]	120.0	(1)
299. Private Group [led by Computer Power management]	**Chase Manhattan Bank** (Computer Power Inc.) [data processing for mortgage banking]	120.0	(1)
300. Reebok International Inc. [athletic footwear]	**Rockport Co.** [athletic footwear]	118.5	(3)
301. Conseco Inc. [life insurance holding co.]	**H.F. Ahmanson & Co.** (Bankers National Life Insurance Co.) [life insurance]	117.6	(1)
302. Valley National Corp. [bank holding co.]	**Valley Utah Bancorp** [bank holding co.]	117.0	(2)
303. Solvay & Cie S.A. - Belgium [chemicals, plastics, health products]	**Reid-Rowell Inc.** [pharmaceuticals]	116.5	(2)
304. British Printing & Communication Corp. - United Kingdom [printing and publishing]	**Webb Co.** [printing and publishing]	116.4	(2)
305. Burlington Industries Inc. [nation's largest textile co.]	**C.H. Masland & Sons** [makes carpeting]	115.9	(2)
306. United Banks of Colorado Inc. [bank holding co.]	**Intrawest Financial Corp.** [bank holding co.]	115.9	(2)
307. Barnett Banks of Florida Inc. [bank holding co.]	**United First Federal Savings & Loan Association** [savings and loan]	115.8	(2)
308. Texas Air Corp. [airline holding co.]	**Continental Airlines** [airline holding co.]	115.5	(2)
309. Mobile Communications Corp. of America [radio communication carrier]	**American Cellular Telephone Corp.** [holds interest in mobile telephone partnerships]	115.4	(2)
310. Keystone Financial Inc. [bank holding co.]	**Pennsylvania National Financial Corp.** [bank holding co.]	115.3	(2)
311. Centrust Savings Bank [savings and loan]	**Old American Insurance Co.** [life, health, and accident insurance]	115.0	(3)
312. Tyson Foods Inc. [poultry and other food products]	**Lane Processing Inc.** [poultry processing]	115.0	(3)
313. American Can Co. [containers, packaging, specialty retailing]	**Looart Press Inc.** [greeting cards, stationery, paper products]	114.0	(3)
314. Walton Monroe Mills [woven textile piece goods]	**Avondale Mills** [textiles, fabrics, yarns]	112.4	(2)

# Statutory Merger	(1) Divestiture	(3) Private Seller
* Leveraged Buyout	(2) Public Seller	(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	Seller (if applicable, unit sold) [business and/or product line]	Approximate Price Paid *(millions)*	
315. **McClatchy Newspapers** [newspapers, radio and TV broadcasting]	**Tribune Publishing Co.** (Tacoma News Tribune, Pierce County Herald) [newspapers]	$ 112.0	(1)
316. **Revlon Group Inc.** [supermarkets, drug stores, cosmetics]	**Frigitronics Inc.** [cryosurgical equipment, eye care products, retail optical]	111.4	(2)
317. **Media News Group** [newspaper publishing]	**Times Mirror Co.** (Dallas Times Herald) [newspaper]	110.0	(1)
318. **Great Lakes Chemical Corp.** [specialty chemicals]	**Pentech Corp.** [specialty chemical holding co.]	110.0	(3)
319. **McLuan Capital Corp.** [investment co.]	**Imasco Ltd. - Canada** (Seaspan International Ltd.) [shipping]	110.0	(1)
320. **J.P. Stevens & Co.** [textiles, fabrics, apparel, home furnishings]	**Burlington Industries** (Domestic Products Div.) [sheets, towels, bedroom accessories]	110.0	(1)
321. **Reynolds & Reynolds Co.** [computer services, business forms]	**Arnold Corp.** [business forms]	110.0	(3)
322. **U.S. West Inc.** [telecommunications]	**Applied Communications Inc.** [banking software]	107.5	(2)
323. **Nynex Corp.** [telecommunications]	**Business Intelligence Services Ltd. - United Kingdom** [computer software]	107.0	(4)
324. **Private Group** [led by SFN Communications management]	**SFN companies Inc.** (SFN Communications Inc.) [broadcasting]	106.5	(1)
325. **Amsouth Bancorp** [bank holding co.]	**First Tuskaloosa Corp.** [bank holding co.]	105.6	(3)
326. **Service Master Industries Inc.** [management services]	**Terminix International Inc.** [exterminating services]	105.0	(3)
327. **Artra Group Inc.** [jewelry, plastics, machinery]	**Sargent-Welch Scientific Co.** [scientific instruments and equipment]	105.0	(2)
328. **Cummins Engine Co.** [diesel engines]	**Cooper Industries Inc.** (63% of Onan Corp.) [electric generators, gas and diesel engines]	105.0	(1)
329. **Keystone International Inc.** [valves]	**Anderson, Greenwood & Co.** [valves]	105.0	(2)
330. **Viacom International Inc.** [entertainment, TV & movie production]	**Tribune Publishing Co.** (Cable TV Puget Sound Inc.) [cable TV and radio station]	105.0	(1)
331. **Narragansett Capital Corp.** [venture capital]	**Outlet Communications Inc.** (KOVR-TV) [ABC TV affiliate]	104.0	(1)
332. **Glen Dimplex Ltd. - Ireland** [makes appliances]	**First City Industries Inc.** (Hamilton Beach) [makes appliances]	103.5	(1)

# Statutory Merger
* Leveraged Buyout

(1) Divestiture
(2) Public Seller

(3) Private Seller
(4) Foreign Seller

Source: W.T. Grimm & Co.

Buyer [business and/or product line]	**Seller** (if applicable, unit sold) [business and/or product line]	**Approximate Price Paid** ***(millions)***	
333. **Cityfed Financial Corp.** [savings and loan holding co.]	**PNC Financial Corp.** (Kissell Co.) [mortgage lending]	$ 103.2	(1)
334. **Owens-Illinois Inc.** [glass containers, forest products]	**Care Corp.** [nursing homes, health care personnel agencies]	103.2	(2)
335. **Dominion Bankshares Corp.** [bank holding co.]	**Nashville City Bank & Trust Co.** [bank holding co.]	102.7	(2)
336. **Private Group** [led by Dyneer executives]	**Dyneer Corp.** (Technitron International Inc., & North American Manufacturing Bus.) [makers & distributors of electronic equip.]	102.0	(1)
337. **Marine Midland Banks Inc.** [bank holding co.]	**Westchester Financial Services Corp.** [savings & loan holding co.]	102.0	(2)
338. **Pratt Hotel Corp.** [hotel/casino operator] Terminated 3/13/87	**Resorts International Inc.** [resorts and tourist facilities]	101.5	(2)
339. **Marley PLC - United Kingdom** [building products]	**General Shale Products Corp.** [brick and building materials]	100.2	(2)
340. **Keystone International Inc.** [valves]	**Yarway Corp.** [engineered products for power and process industries]	100.0	(3)
341. **U.S. Leasing International Inc.** [general equipment leasing]	**UAL Inc.** (Hertz Car Leasing) [commercial long-term auto leasing]	100.0	(1)
342. **American Cyanamid Co.** [medical and agricultural chemicals]	**Storz Instrument Co.** [opthalmic, ear, nose, and throat surgical devices]	100.0	(3)
343. **PPG Industries Inc.** [flat glass, paint, & chemicals]	**Honeywell Inc.** (Medical Electronic unit) [cardiac and health monitoring equipment]	100.0	(1)
344. **National Education Corp.** [vocational training, educational publishing]	**Gulf & Western Ind. Inc.** (Deltak Inc., Resource Systems International) [industrial training programs]	100.0	(1)
345. **Standard Register Co.** [business forms, office supplies]	**Burroughs Corp.** (U.S. Business Forms Div.) [business forms]	100.0	(1)
346. **Inland Steel Co.** [nation's 4th largest steel maker]	**Bethlehem Steel Corp.** (J.M. Tull Ind. Inc.) [processes and wholesales steel products]	100.0	(1)

# Statutory Merger
* Leveraged Buyout

(1) Divestiture
(2) Public Seller

(3) Private Seller
(4) Foreign Seller

Source: W.T. Grimm & Co.

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THE 100 LARGEST TRANSACTIONS IN HISTORY

Rank	BUYER / SELLER *(In the case of divestitures, the unit sold is identified and appears in parentheses.)*	Approximate Price Paid (Millions)	Year Announced
1.	Chevron Corp. Gulf Corp.	$13,205.6	1984
2.	Texaco, Inc. Getty Oil Co.	10,128.9	1984
3.	Du Pont Co. Conoco, Inc.	8,039.8	1981
4.	U.S. Steel Corp. Marathon Oil Co.	6,618.5	1981
5.	General Electric Corp. RCA Corp.	5,965.1	1985
6.	Mobil Corp. Superior Oil Co.	5,725.8	1984
7.	Philip Morris Cos. General Foods Corp.	5,627.5	1985
8.	Royal Dutch/Shell Group - Netherlands Shell Oil Co. - remaining 30.5%	5,467.9	1984
*9.	Kohlberg, Kravis, Roberts & Co. Beatrice Cos.	5,361.6	1985
#10	Santa Fe Industries, Inc. Southern Pacific Co.	5,099.1	1983
11.	General Motors Co. Hughes Aircraft Co.	5,025.0	1985
12.	R.J. Reynolds Industries, Inc. Nabisco Brands, Inc.	4,906.4	1985
13.	Allied Corp. Signal Cos., Inc.	4,476.1	1985
14.	Burroughs Corp. Sperry Corp.	4,394.2	1986
15.	Societe Nationale Elf Aquitaine - France Texasgulf, Inc.	4,293.7	1981
#16.	Connecticut General Corp. INA Corp.	4,211.7	1981
17.	SSI Holdings Corp. Safeway Stores, Inc.	4,198.4	1986
18.	Occidental Petroleum Corp. Cities Service Co.	4,115.6	1982
19.	U.S. Steel Corp. Texas Oil & Gas Corp.	4,094.4	1985
20.	Minstar Inc. Borg-Warner Corp. Cancelled in 1987.	3,855.5	1986
21.	Baxter Travenol Laboratories, Inc. American Hospital Supply Corp.	3,702.6	1985
22.	Shell Oil Co. Belridge Oil Co.	3,653.0	1979

Statutory Merger
* Leveraged Buyout

Source: W.T. Grimm & Co.

Rank	**BUYER /** **SELLER** *(In the case of divestitures, the unit sold is identified and appears in parentheses.)*	**Approximate Price Paid (Millions)**	**Year Announced**
23.	Kohlberg, Kravis, Roberts & Co. Owens-Illinois Inc.	$ 3,631.9	1986
24.	Capital Cities Communications, Inc. American Broadcasting Cos.	3,526.8	1985
*25.	Private Group - led by Macy management R.H. Macy & Co.	3,484.7	1985
26.	Unilever N.V. - Netherlands Chesebrough-Pond's Inc.	3,092.8	1986
27.	Occidental Petroleum Corp. MidCon Corp.	3,085.6	1985
28.	Nestle S.A. - Switzerland Carnation Co.	2,885.4	1984
29.	Hoechst A G - West Germany Celanese Corp.	2,866.5	1986
30.	Monsanto Co. G.D. Searle & Co.	2,717.1	1985
31.	Fluor Corp. St. Joe Minerals Corp.	2,694.2	1981
32.	May Department Stores Co. Associated Dry Goods Corp.	2,638.0	1986
33.	Seagram Co. Ltd. - Canada Conoco, Inc. (26%)	2,576.0	1981
34.	General Motors Corp. Electronic Data Systems Corp.	2,545.6	1984
35.	Beatrice Foods Co. Esmark, Inc.	2,508.6	1984
36.	Kuwait Petroleum Corp. - Kuwait Santa Fe International Corp.	2,486.1	1981
37.	Kiewit-Murdock Investment Corp. Continental Group, Inc.	2,482.0	1984
38.	Coastal Corp. American Natural Resources Co.	2,445.5	1985
39.	Contel Corp. Communications Satellite Corp.	2,417.6	1986
#40.	Kraft, Inc. Dart Industries, Inc.	2,400.0	1980
41.	Broken Hill Proprietary Co. - Australia General Electric Co. (Utah International, Inc.)	2,400.0	1983
#42.	Cleveland Electric Illuminating Co. Toledo Edison Co.	2,386.0	1985
#43.	Freeport Minerals Co. McMoran Oil & Gas Co.	2,319.9	1980
44.	Sun Co., Inc. Seagram Co. Ltd. - Canada (Texas Pacific Oil Co.)	2,300.0	1980

# Statutory Merger
* Leveraged Buyout

Source: W.T. Grimm & Co.

Rank	BUYER / SELLER *(in the case of divestitures, the unit sold is identified and appears in parentheses.)*	Approximate Price Paid (Millions)	Year Announced
45	InterNorth, Inc. Houston Natural Gas Corp.	$ 2,260.4	1985
46	Standard Oil Co. of Ohio Kennecott Corp.	2,061.3	1981
47	Olympia & York Developments Ltd. - Canada Chevron Corp. (its 60.2% interest in Gulf Canada Ltd.)	2,042.3	1985
48	General Electric Co. Utah International, Inc.	1,906.5	1975
#49	Wachovia Corp. First Atlanta Corp.	1,845.3	1985
#50	Nabisco, Inc. Standard Brands, Inc.	1,827.1	1981
51	Champion International Corp. St. Regis Corp.	1,813.7	1984
#52	Southern Railway Norfolk & Western Railway	1,730.2	1980
53	Forstmann Little & Co. Lear Siegler Inc.	1,713.6	1986
54	Phillips Petroleum Co. R.J. Reynolds Industries, Inc. (energy operations)	1,700.0	1984
55	Mobil Oil Corp. Marcor, Inc. Mobil acquired 54% in 1974 and remaining interest in 1976.	1,687.2	1974 & 1976
56	Rockwell International Corp. Allen-Bradley Co.	1,650.0	1985
57	Pantry Pride, Inc. Revlon, Inc.	1,638.7	1985
58	Private Group - Led by Viacom's Management Viacom International Inc.	1,613.8	1986
59	Procter & Gamble Co. Richardson-Vicks, Inc.	1,611.4	1985
60	Time Inc., Tele-Communications Inc., Comcast Corp., Daniels & Associates, Century Southwest Communications Corp. Westinghouse Electric Corp. (Group W Cable)	1,600.0	1985
61	American General Corp. NLT Corp.	1,593.7	1982
62	Xerox Corp. Crum & Forster	1,572.3	1982
63	Dun & Bradstreet Corp. A.C. Nielsen Co.	1,571.2	1984
*64	Private Group - includes Storer management Storer Communications, Inc.	1,569.3	1985

# Statutory Merger
* Leveraged Buyout

Source: W.T. Grimm & Co.

Rank	BUYER / SELLER *(In the case of divestitures, the unit sold is identified and appears in parentheses.)*	Approximate Price Paid (Millions)	Year Announced
65.	Manufacturers Hanover Corp. RCA Corp. (C.I.T. Financial Corp.)	$ 1,510.0	1983
66.	ICH Corp. Tenneco Inc. (Philadelphia Ins. Co. & Southwest Life Ins.)	1,500.0	1986
*67.	Private Group - Metromedia's management Metromedia, Inc.	1,467.9	1983
68.	Turner Broadcasting System, Inc. MGM/UA Entertainment Co.	1,440.9	1985
69.	Dome Petroleum Ltd. - Canada Conoco, Inc. (20%) ...Dome acquired 20% of Conoco shares through a cash tender offer. Conoco then agreed to sell its controlling interest in Hudson's Bay Oil & Gas to Dome for $1.68 billion which consisted of $245 million in cash and the 20% of Conoco shares Dome had acquired.	1,430.0	1981
#70.	Schering Corp. Plough, Inc.	1,428.6	1970
71.	Ralston Purina Co. Union Carbide Corp. (Battery Division)	1,420.0	1986
72.	Coca Cola Corp. JTL Corp.	1,400.0	1986
73.	Diamond Shamrock Corp. Natomas Co.	1,354.5	1983
74.	RCA Corp. C.I.T. Financial Corp.	1,350.0	1979
75.	Private Group - Led by Reliance's Mgmt. Exxon Corp. (Reliance Electric Co.)	1,350.0	1986
76.	Allied Corp. Bendix Corp.	1,334.8	1982
*77.	Private Group - led by Gypsum management National Gypsum Co.	1,327.0	1985
78.	R.J. Reynolds Industries, Inc. Heublein, Inc.	1,302.6	1982
79.	Burlington Northern, Inc. El Paso Co. ...Burlington acquired 48% in 1982 and the remainder in 1983.	1,279.6	1982 & 1983
80.	Cox Enterprises, Inc. Cox Communications, Inc.-remaining 59.8%	1,265.2	1985
*81.	Private Group - includes management of units City Investing Co. (Rheem Mfg. Co., World Color Press Inc., Uarco Inc.)	1,251.0	1984
82.	Private Group - led by Playtex management Beatrice Cos. (International Playtex Inc.)	1,250.0	1986
83.	IBM Corp. Rolm Corp. - remaining 77%	1,245.8	1984

# Statutory Merger
* Leveraged Buyout

Source: W.T. Grimm & Co.

Rank	BUYER / SELLER *(In the case of divestitures, the unit sold is identified and appears in parentheses.)*	Approximate Price Paid (Millions)	Year Announced
84.	Private Group - led by Revco management Revco D.S. Inc.	$ 1,227.2	1986
85.	Chesebrough-Pond's, Inc. Stauffer Chemical Co.	1,218.0	1985
86.	Newmont Mining Corp., Williams Cos., et al Kennecott Copper Corp. (Peabody Coal Co.)	1,200.0	1976
87.	Southwestern Bell Corp. Metromedia Inc. (cellular telephone and paging operations)	1,200.0	1986
88.	Union Pacific Corp. Overnite Transportation Co.	1,200.0	1986
89.	Chemical New York Corp. Texas Commerce Bancshares	1,196.8	1986
#90.	Sun Banks, Inc. Trust Co. of Georgia	1,191.8	1984
*91.	Private Group - includes Eckerd management Jack Eckerd Corp.	1,181.7	1985
#92.	Mercantile Texas Corp. Southwest Bancshares, Inc.	1,175.6	1983
93.	Lockheed Corp. Sanders Associates Inc.	1,174.9	1986
94.	Baldwin-United Corp. MGIC Investment Corp.	1,174.5	1981
95.	Textron, Inc. Avco Corp.	1,169.6	1984
96.	Exxon Corp. Reliance Electric Co.	1,160.0	1979
97.	Wickes Cos. Collins & Aikman Corp.	1,155.4	1986
98.	American Medical International, Inc. Lifemark Corp.	1,144.5	1983
99.	Phillips Petroleum Co. General American Oil Co. of Texas	1,140.9	1983
100.	MidCon Corp. United Energy Resources, Inc.	1,140.6	1985

The total value of the 100 largest transactions in history is $263 billion.

# Statutory Merger
* Leveraged Buyout

Source: W.T. Grimm & Co.

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MEDIUM OF PAYMENT

In monitoring the form of payment utilized to execute a transaction, the W.T. Grimm & Co. Research Department classifies the payment medium into four types: (1) cash, which can consist of internal or borrowed funds, (2) stock, common or preferred, (3) combination of cash, stock and/or debt, and (4) debt, which solely refers to notes or debentures issued by the acquiring company to the seller. The number of transactions within each of the four payment mediums along with the respective percentages of all transactions disclosing the method of payment is provided in Figure 9.

In 1986, **cash** continued to be the dominant form of payment. Based on the 1,303 transactions for which payment data were available, 545 or 42% were cash deals, down from 742 or 51% in 1985.

Stock, on the other hand, was used in 411 or 32% of transactions disclosing payment forms, compared with 344 or 23% in 1985. The strong stock market of 1986 enabled corporate acquirers to use equity rather than internal or borrowed cash. The Dow Jones Industrial Average recorded a low of 1,502 in January, but had an upsurge that began in August and continued to year's end. The high of 1,955 was reached December 2, but the December 31 figure was down to 1,896.

Historically **stock** has always been the preferred medium of payment among bank holding companies. Due to the regulatory environment of the banking industry, banks must maintain high equity ratios and are, therefore, discouraged from issuing cash payments.

Combinations of cash, stock and/or debt accounted for 345 or 26% of the transactions in 1986, compared with 377 or 26% in the previous year. The majority of combination payments are one of two types, cash and notes or cash and stock. Cash and notes are most often used for divestitures, while cash and stock are used for acquisitions. The cash/stock payment offers advantages to both buyer and seller by combining tax breaks for the seller and minimizing cash outlays for the buyer. The taxable cash portion is usually limited to less than half of the acquisition's purchase price. The stock is then tax free or tax deferred to the seller, while the acquirer is able to meet his cash flow needs.

Debt as a sole method of payment was utilized in only two transactions in 1986, compared with 5 in 1985.

PAYMENT TRENDS

1964 — 1986

	Number (Percent of Deals Disclosing Payment Form)			
Year	**Cash**	**Stock**	**Combination**	**Debt**
1964	1,248 (64%)	702 (36%)	—	*
1965	1,436 (67%)	604 (30%)	85 (3%)	*
1966	1,438 (60%)	802 (35%)	119 (5%)	*
1967	1,077 (36%)	1,783 (60%)	115 (4%)	*
1968	1,314 (29%)	2,762 (62%)	386 (9%)	*
1969	1,667 (32%)	2,945 (57%)	569 (11%)	*
1970	1,023 (29%)	1,834 (52%)	575 (16%)	91 (3%)
1971	961 (32%)	1,441 (49%)	514 (17%)	47 (2%)
1972	1,120 (34%)	1,696 (51%)	475 (14%)	37 (1%)
1973	1,113 (41%)	1,172 (44%)	365 (14%)	36 (1%)
1974	805 (48%)	555 (33%)	259 (16%)	53 (3%)
1975	585 (48%)	325 (27%)	285 (23%)	30 (2%)
1976	656 (52%)	327 (26%)	250 (20%)	22 (2%)
1977	663 (54%)	322 (26%)	224 (18%)	29 (2%)
1978	539 (46%)	353 (30%)	273 (23%)	17 (1%)
1979	654 (53%)	323 (26%)	247 (20%)	9 (1%)
1980	522 (47%)	345 (31%)	237 (21%)	17 (1%)
1981	542 (42%)	448 (34%)	301 (23%)	18 (1%)
1982	405 (38%)	317 (29%)	338 (31%)	23 (2%)
1983	350 (32%)	387 (35%)	362 (33%)	9 (—)
1984	465 (43%)	281 (26%)	320 (30%)	13 (1%)
1985	742 (51%)	344 (23%)	377 (26%)	5 (—)
1986	545 (42%)	411 (32%)	345 (26%)	2 (—)
	19,870 (41%)	20,479 (43%)	7,021 (15%)	458 (1%)

* A separate tally of debt payments began in 1970. Prior to 1970, debt was included in cash payments.

Source: W.T. Grimm & Co.

Figure 9.

COMPOSITION OF NET ACQUISITION ANNOUNCEMENTS
PAYMENT BREAKDOWN
1982 — 1986

	1982	1983	1984	1985	1986
			Divestitures		
Cash	162 (53%)	113 (45%)	152 (57%)	354 (71%)	186 (59%)
Stock	20 (6%)	24 (9%)	15 (5%)	26 (5%)	31 (10%)
Combination	119 (39%)	115 (45%)	96 (36%)	114 (23%)	95 (30%)
Debt	6 (2%)	2 (1%)	5 (2%)	3 (1%)	2 (1%)
			Acquisitions of Publicly Traded Companies		
Cash	98 (55%)	94 (51%)	134 (65%)	182 (57%)	171 (56%)
Stock	34 (19%)	52 (28%)	34 (16%)	78 (25%)	78 (25%)
Combination	44 (25%)	37 (20%)	35 (17%)	56 (18%)	57 (19%)
Debt	1 (1%)	1 (1%)	4 (2%)	1 —	— —
			Acquisitions of Privately Held Companies		
Cash	137 (24%)	129 (20%)	167 (29%)	170 (28%)	180 (27%)
Stock	256 (44%)	306 (48%)	226 (39%)	234 (39%)	295 (45%)
Combination	169 (29%)	202 (31%)	180 (31%)	195 (33%)	188 (28%)
Debt	16 (3%)	6 (1%)	4 (1%)	1 —	— —
			Acquisitions of Foreign Sellers		
Cash	8 (38%)	14 (52%)	12 (45%)	36 (67%)	8 (40%)
Stock	7 (33%)	5 (18%)	6 (22%)	6 (11%)	7 (35%)
Combination	6 (29%)	8 (30%)	9 (33%)	12 (22%)	5 (25%)
Debt	— —	— —	— —	— —	— —
			All Transactions		
Cash	405 (38%)	350 (32%)	465 (43%)	742 (51%)	545 (42%)
Stock	317 (29%)	387 (35%)	281 (26%)	344 (23%)	411 (32%)
Combination	338 (31%)	362 (33%)	320 (30%)	377 (26%)	345 (26%)
Debt	23 (2%)	9 —	13 (1%)	5 —	2 —

All totals are based on those transactions providing information on form of payment.

Source: W. T. Grimm & Co.

Figure 10.

Among the four transaction types shown in Figure 10, cash payments decreased in three of four. Stock payments were even in 1985 and 1986 for publicly traded companies and increased in 1986 in the other three transaction types. Stock continued to be the preferred method of payment for acquisitions of privately held companies.

Contrary to acquisitions of public companies, most purchases of privately held companies are transacted through an exchange of stock. Owners of private entities choose securities in order to avoid paying a capital gains tax. Unlike a publicly traded concern, where there are many shareholders, a privately held business has one owner or very few holders, usually members of the owner's family. Hence, their concern for tax liability is much greater. Furthermore, in many instances, management/owners remain with the company expecting to contribute to the future growth of the newly merged entity, thereby profiting from the stock's appreciation.

Cash, on the other hand, is the more favored payment method among acquirers of public companies because it requires less disclosure on the part of the buyer. When issuing securities to the selling shareholders, the acquiring company is obliged to disclose ample information on its business operations and financial condition so that the selling holders can determine both the present and potential value of the buyer's securities.

Due to the selling parent company's need for liquidity, most divestitures are transacted with cash. Since divestitures are utilized to accomplish corporate restructuring goals, the parent companies prefer cash in order to pay down debt or to reinvest in those businesses that have been targeted for growth.

Figure 11 provides a method of payment breakdown on five dollar value categories. In comparing the forms of payment with the respect to the dollar value of the transaction, we found a decrease in cash payments for every one. The numbers and their respective percentages represent only those deals which disclosed both a purchase price and payment form.

FORMS OF PAYMENT
COMPARISON BY VALUE OF DEALS
1980 — 1986

Price Paid Value of $25 Million or Less

	1980	1981	1982	1983	1984	1985	1986
Cash	271 (46%)	303 (41%)	203 (39%)	156 (31%)	165 (37%)	307 (48%)	154 (35%)
Stock	199 (34%)	290 (39%)	151 (29%)	185 (37%)	129 (29%)	162 (26%)	155 (35%)
Combination	108 (18%)	130 (18%)	153 (29%)	156 (31%)	145 (33%)	159 (25%)	132 (30%)
Debt	11 (2%)	12 (2%)	15 (3%)	4 (1%)	6 (1%)	5 (1%)	2 —
	589	735	522	501	445	633	443

$25.1 Million-$50.0 Million

	1980	1981	1982	1983	1984	1985	1986
Cash	56 (55%)	50 (52%)	32 (41%)	40 (41%)	66 (60%)	89 (58%)	53 (44%)
Stock	26 (26%)	28 (29%)	18 (23%)	30 (30%)	18 (16%)	31 (20%)	43 (35%)
Combination	18 (18%)	16 (17%)	26 (33%)	27 (27%)	26 (24%)	33 (22%)	26 (21%)
Debt	1 (1%)	2 (2%)	2 (3%)	2 (2%)	— —	— —	— —
	101	96	78	99	110	153	122

$50.1 Million-$100.0 Million

	1980	1981	1982	1983	1984	1985	1986
Cash	40 (63%)	37 (54%)	36 (50%)	32 (42%)	59 (65%)	76 (68%)	64 (62%)
Stock	12 (19%)	17 (25%)	11 (15%)	14 (18%)	11 (12%)	18 (16%)	19 (19%)
Combination	11 (17%)	13 (19%)	25 (35%)	30 (40%)	20 (22%)	17 (16%)	19 (19%)
Debt	1 (1%)	1 (2%)	— —	— —	1 (1%)	— —	— —
	64	68	72	76	91	111	102

$100.1 Million-$999.9 Million

	1980	1981	1982	1983	1984	1985	1986
Cash	35 (46%)	48 (49%)	52 (57%)	47 (44%)	85 (62%)	129 (65%)	115 (60%)
Stock	19 (25%)	19 (19%)	17 (18%)	20 (19%)	17 (12%)	23 (11%)	38 (19%)
Combination	21 (28%)	31 (31%)	23 (25%)	40 (37%)	34 (25%)	48 (24%)	40 (21%)
Debt	1 (1%)	1 (1%)	— —	— —	2 (1%)	— —	— —
	76	99	92	107	138	200	193

Over $999.9 Million

	1980	1981	1982	1983	1984	1985	1986
Cash	— —	5 (50%)	1 (17%)	1 (14%)	11 (61%)	20 (57%)	12 (60%)
Stock	2 (67%)	1 (10%)	— —	3 (43%)	1 (6%)	1 (3%)	2 (10%)
Combination	1 (33%)	4 (40%)	5 (83%)	3 (43%)	5 (27%)	14 (40%)	6 (30%)
Debt	— —	— —	— —	— —	1 (6%)	— —	— —
	3	10	6	7	18	35	20

All totals based on those transactions providing information on form of payment.

Source: W. T. Grimm & Co.

Figure 11.

INDUSTRY HIGHLIGHTS

The W. T. Grimm & Co. Research Department classifies merger-acquisition announcements into 50 seller-based categories. More than half (1,712 or 51%) of the 3,336 net announcements in 1986 were concentrated in the top ten industry classifications. A ranking of the W.T. Grimm & Co. industry categories by the number of transactions appears on page 46. A ranking by total dollar value paid is on page 47, followed by an industry breakdown of $100-million-plus transactions on page 48.

In Figure 12, acquisitions in the Wholesale & Distribution Industry are classified according to the product line of the distributor. In Figure 13, acquisitions in the Retail Industry are classified according to the type of retailer acquired.

NET MERGER-ACQUISITION ANNOUNCEMENTS
WHOLESALE & DISTRIBUTION
1982 — 1986

	Number of Transactions				
Product Line of Distributor	**1982**	**1983**	**1984**	**1985**	**1986**
Foods & Groceries	16	15	16	28	39
Medical & Health Care Products	18	24	24	25	24
Construction & Building Products & Supplies	4	1	7	8	20
Other Consumer Goods	6	5	8	18	14
Electronic Components & Equipment	5	4	11	12	14
Industrial Products, Supplies & Equipment	19	12	17	43	11
Business Machines, Computers & Related Products	5	6	16	13	9
Chemical Products	9	8	6	10	7
Electrical Equipment & Products	7	3	4	3	7
Office Supplies & Paper Products	7	5	5	8	4
Automotive Products	4	4	12	12	3
Agricultural Products & Equipment	3	2	3	4	2
Recreational Products	13	5	5	6	2
Furniture, Home Furnishings & Appliances	2	7	5	2	2
Beverages & Tobacco	6	6	4	2	2
Totals	124	107	143	194	160

Source: W. T. Grimm & Co.

Figure 12.

NET MERGER-ACQUISITION ANNOUNCEMENTS
RETAIL
1982 — 1986

	Number of Transactions				
Type of Retailer Acquired	**1982**	**1983**	**1984**	**1985**	**1986**
Supermarkets	9	8	12	9	20
Specialty Other	9	20	25	25	19
Discount & Variety	3	15	7	9	15
Hardware & Home Improvement	5	6	11	9	14
Home Entertainment & Consumer Electronics	2	4	5	9	14
Department Stores	5	2	4	13	11
Convenience Stores	1	4	3	7	11
Drugstores	5	2	7	8	10
Specialty Apparel	23	13	18	11	7
Gas Stations & Other Fuels	2	2	11	6	7
Direct Mail	5	2	3	7	6
Furniture, Home Furnishings & Appliances	10	4	15	10	5
Specialty Foods & Beverages	4	4	1	4	5
Automotive Parts & Supplies	3	4	8	9	3
Totals	86	90	130	136	147

Source: W. T. Grimm & Co.

Figure 13.

RANKING OF INDUSTRY CLASSIFICATIONS

NUMBER OF TRANSACTIONS

1982 — 1986

Industry Classification of Seller	Number of Transactions (Rank)					Five Year Cumulative
	1982	1983	1984	1985	1986	
Banking & Finance	426 (1)	331 (1)	251 (1)	381 (1)	415 (1)	1,804 (1)
Miscellaneous Services	126 (2)	135 (2)	138 (3)	182 (3)	235 (2)	816 (2)
Computer Software, Supplies & Services	75 (8)	119 (3)	118 (5)	150 (4)	168 (3)	630 (4)
Wholesale & Distribution	124 (3)	107 (5)	143 (2)	194 (2)	160 (4)	728 (3)
Retail	86 (5)	90 (7)	130 (4)	136 (5)	147 (5)	589 (5)
Printing & Publishing	48 (16)	56 (16)	67 (13)	97 (8)	130 (6)	398 (10)
Drugs, Medical Supplies & Equipment	58 (10)	86 (8)	61 (16)	104 (7)	123 (7)	432 (8)
Broadcasting	47 (17)	60 (14)	83 (10)	93 (9)	123 (7)	406 (9)
Industrial & Farm Equipment & Machinery	90 (4)	104 (6)	93 (7)	108 (6)	110 (9)	505 (6)
Food Processing	52 (13)	74 (10)	58 (17)	82 (12)	101 (10)	367 (12)
Insurance	81 (6)	67 (11)	66 (15)	67 (15)	94 (11)	375 (11)
Instruments & Photographic Equipment	51 (14)	53 (19)	71 (12)	74 (13)	93 (12)	342 (15)
Chemicals, Paints & Coatings	55 (12)	55 (17)	79 (11)	86 (10)	90 (13)	365 (13)
Leisure & Entertainment	42 (19)	49 (21)	41 (22)	72 (14)	84 (14)	288 (18)
Electronics	63 (9)	81 (9)	67 (13)	64 (17)	83 (15)	358 (14)
Office Equipment & Computer Hardware	26 (32)	59 (15)	55 (18)	61 (19)	77 (16)	278 (20)
Fabricated Metal Products	37 (23)	55 (17)	42 (21)	60 (20)	75 (17)	269 (21)
Electrical Equipment	49 (15)	49 (21)	50 (19)	67 (15)	68 (18)	283 (19)
Oil & Gas	80 (7)	111 (4)	102 (6)	86 (10)	58 (19)	437 (7)
Transportation	40 (22)	36 (26)	36 (25)	48 (22)	58 (19)	218 (22)
Health Services	44 (18)	63 (12)	86 (8)	64 (17)	54 (21)	311 (16)
Communications	42 (19)	33 (27)	24 (34)	34 (29)	53 (22)	186 (27)
Brokerage, Investment & Management Consulting Services	56 (11)	63 (12)	86 (8)	49 (21)	47 (23)	301 (17)
Primary Metal Processing	25 (33)	39 (25)	43 (20)	43 (24)	45 (24)	195 (23)
Construction Contractors & Engineering Services	34 (24)	42 (24)	29 (28)	41 (25)	44 (25)	190 (25)
Plastics & Rubber	27 (30)	44 (23)	39 (23)	36 (27)	44 (25)	190 (25)
Building Products & Materials	27 (30)	26 (33)	29 (28)	29 (31)	43 (27)	154 (28)
Automotive Products & Accessories	22 (34)	10 (47)	26 (33)	28 (32)	41 (28)	127 (34)
Household Goods	22 (34)	30 (28)	30 (27)	28 (32)	39 (29)	149 (29)
Stone, Clay & Glass	17 (37)	27 (31)	27 (31)	19 (40)	38 (30)	128 (33)
Apparel	17 (37)	24 (34)	34 (26)	35 (28)	35 (31)	145 (31)
Aerospace, Aircraft & Defense	15 (41)	15 (42)	22 (36)	33 (30)	31 (32)	116 (35)
Toys & Recreational Products	33 (25)	23 (35)	28 (30)	26 (36)	31 (32)	141 (32)
Textiles	17 (37)	16 (41)	12 (45)	15 (44)	31 (32)	91 (41)
Beverages	31 (27)	11 (45)	21 (38)	23 (37)	26 (35)	112 (37)
Furniture	13 (44)	18 (39)	17 (42)	16 (41)	25 (36)	89 (43)
Miscellaneous Manufacturing	41 (21)	51 (20)	37 (24)	38 (26)	25 (36)	192 (24)
Packaging & Containers	16 (40)	29 (29)	22 (36)	27 (35)	22 (38)	116 (35)
Electric, Gas, Water & Sanitary Services	12 (45)	27 (31)	13 (44)	22 (38)	21 (39)	95 (40)
Real Estate	30 (29)	28 (30)	27 (31)	44 (23)	20 (40)	149 (29)
Valves, Pumps & Hydraulics	10 (46)	20 (37)	23 (35)	28 (32)	20 (40)	101 (38)
Conglomerate	14 (45)	13 (43)	18 (41)	14 (45)	20 (40)	79 (44)
Construction, Mining & Oil Field Equipment & Machinery	19 (36)	20 (37)	12 (45)	7 (49)	20 (40)	78 (46)
Paper	15 (41)	11 (45)	16 (43)	20 (39)	17 (44)	79 (44)
Mining & Minerals	31 (27)	18 (39)	12 (45)	16 (41)	14 (45)	91 (41)
Agricultural Production	8 (48)	13 (43)	19 (39)	12 (47)	10 (46)	62 (47)
Toiletries & Cosmetics	9 (47)	10 (47)	11 (48)	9 (48)	10 (46)	49 (48)
Energy Services	32 (26)	21 (36)	19 (39)	16 (41)	9 (48)	97 (39)
Autos & Trucks	6 (49)	4 (50)	3 (50)	13 (46)	8 (49)	34 (49)
Timber & Forest Products	5 (50)	7 (49)	7 (49)	4 (50)	1 (50)	24 (50)
Totals	2,346	2,533	2,543	3,001	3,336	13,759

Source: W.T. Grimm & Co.

RANKING OF INDUSTRY CLASSIFICATIONS

DOLLAR VALUE PAID

(millions)

Industry Classification of Seller	Dollar Value (Rank) 1982	1983	1984	1985	1986
Banking & Finance	$ 5,605.3 (3)	$13,628.3 (1)	$ 5,846.3 (5)	$ 14,036.9 (4)	$ 19,441.6 (1)
Conglomerate	3,973.6 (4)	2,745.1 (7)	6,982.9 (3)	16,301.6 (2)	15,306.8 (2)
Retail	1,948.1 (6)	1,489.0 (11)	6,673.2 (4)	10,029.7 (7)	13,682.9 (3)
Broadcasting	787.2 (19)	3,747.1 (4)	1,917.9 (16)	15,012.9 (3)	8,106.9 (4)
Chemicals, Paints & Coatings	1,011.5 (14)	1,080.1 (19)	2,629.9 (10)	8,568.0 (8)	7,438.0 (5)
Leisure & Entertainment	1,082.1 (11)	1,797.4 (9)	2,580.7 (11)	5,640.3 (11)	6,963.9 (6)
Transportation	1,074.4 (12)	5,254.6 (3)	1,251.8 (22)	2,876.9 (14)	6,829.2 (7)
Printing & Publishing	129.4 (43)	892.9 (23)	2,863.9 (9)	3,474.6 (13)	6,673.9 (8)
Miscellaneous Services	859.8 (17)	991.7 (21)	2,323.9 (13)	2,414.6 (16)	5,690.5 (9)
Insurance	5,717.8 (2)	2,966.1 (5)	3,005.9 (8)	2,694.0 (15)	5,412.7 (10)
Office Equipment & Computer Hardware	389.1 (28)	1,059.9 (20)	820.0 (26)	996.0 (31)	5,323.6 (11)
Drugs, Medical Supplies & Equipment	1,915.1 (7)	904.1 (22)	708.1 (33)	10,867.3 (6)	4,806.5 (12)
Food Processing	3,075.2 (5)	1,163.6 (17)	7,094.8 (2)	11,837.8 (5)	4,706.5 (13)
Communications	929.6 (15)	563.2 (27)	123.1 (48)	1,147.4 (27)	4,485.3 (14)
Electrical Equipment	603.7 (22)	513.1 (30)	1,978.4 (15)	1,785.1 (23)	4,272.3 (15)
Industrial & Farm Equipment & Machinery	1,485.6 (10)	1,151.4 (18)	1,635.6 (19)	2,374.2 (17)	4,019.9 (16)
Beverages	1,880.9 (8)	1,548.4 (10)	853.9 (25)	1,017.3 (30)	3,725.8 (17)
Computer Software, Supplies & Services	195.5 (39)	666.1 (26)	3,766.4 (6)	2,139.1 (18)	3,356.4 (18)
Oil & Gas	9,165.5 (1)	12,075.8 (2)	42,981.8 (1)	23,160.1 (1)	3,247.4 (19)
Aerospace, Aircraft & Defense	1,577.1 (9)	887.4 (24)	812.1 (27)	7,358.2 (9)	3,088.6 (20)
Household Goods	390.6 (27)	1,300.0 (14)	802.7 (28)	1,295.8 (25)	2,452.6 (21)
Primary Metal Processing	167.4 (42)	1,340.6 (13)	1,073.8 (24)	1,575.9 (24)	1,988.4 (22)
Health Services	1,049.4 (13)	1,999.4 (8)	1,687.9 (17)	880.9 (33)	1,905.1 (23)
Automotive Products & Accessories	109.4 (44)	29.0 (49)	190.4 (45)	911.0 (32)	1,844.9 (24)
Instruments & Photographic Equipment	80.1 (45)	513.8 (29)	196.8 (44)	308.1 (46)	1,783.6 (25)
Textiles	792.2 (18)	1,212.7 (16)	91.0 (49)	720.0 (37)	1,733.9 (26)
Brokerage, Investment & Management Consulting Services	860.9 (16)	1,455.3 (12)	1,460.3 (20)	579.1 (40)	1,710.4 (27)
Wholesale & Distribution	358.1 (29)	364.9 (35)	1,651.8 (18)	1,910.1 (21)	1,682.6 (28)
Fabricated Metal Products	299.3 (32)	154.7 (42)	180.4 (46)	581.3 (39)	1,669.9 (29)
Miscellaneous Manufacturing	271.4 (33)	91.8 (46)	336.4 (42)	369.9 (43)	1,557.2 (30)
Packaging & Containers	171.8 (41)	1,297.5 (15)	3,089.4 (7)	1,063.5 (28)	1,517.7 (31)
Paper	595.4 (23)	269.7 (37)	387.0 (39)	830.8 (35)	1,489.3 (32)
Electric, Gas, Water & Sanitary Services	751.1 (20)	511.1 (31)	737.1 (32)	5,592.9 (12)	1,483.3 (33)
Construction Contractors & Engineering Services	256.0 (34)	423.3 (34)	799.7 (29)	713.3 (38)	1,445.3 (34)
Furniture	39.8 (50)	249.4 (39)	169.5 (47)	483.1 (41)	1,425.2 (35)
Apparel	230.8 (36)	138.1 (44)	1,392.2 (21)	2,086.3 (19)	1,416.6 (36)
Electronics	552.9 (24)	471.9 (33)	290.1 (43)	6,899.2 (10)	1,368.0 (37)
Stone, Clay & Glass	463.8 (26)	499.0 (32)	764.4 (30)	1,805.6 (22)	1,252.9 (38)
Toys & Recreational Products	203.4 (37)	37.3 (48)	762.3 (31)	329.6 (45)	1,210.6 (39)
Toiletries & Cosmetics	203.2 (38)	115.3 (45)	516.4 (36)	2,043.8 (20)	1,009.0 (40)
Construction, Mining & Oil Field Equipment & Machinery	190.9 (40)	548.5 (28)	376.2 (40)	41.4 (50)	997.6 (41)
Plastics & Rubber	48.5 (49)	148.7 (43)	462.4 (37)	1,181.2 (26)	843.0 (42)
Building Products & Materials	75.2 (46)	268.4 (38)	621.2 (34)	750.4 (36)	828.6 (43)
Real Estate	303.4 (31)	829.3 (25)	1,132.2 (23)	1,017.7 (29)	713.1 (44)
Timber & Forest Products	499.8 (25)	13.8 (50)	2,297.2 (14)	850.6 (34)	315.0 (45)
Agricultural Production	235.6 (35)	204.0 (40)	453.1 (38)	44.4 (49)	300.2 (46)
Valves, Pumps & Hydraulics	65.9 (47)	281.6 (36)	556.0 (35)	481.6 (42)	207.4 (47)
Autos & Trucks	61.3 (48)	173.5 (41)	2.3 (50)	56.9 (48)	186.6 (48)
Mining & Minerals	355.2 (30)	2,946.2 (6)	346.7 (41)	355.6 (44)	147.9 (49)
Energy Services	665.2 (21)	66.4 (47)	2,546.2 (12)	275.5 (47)	72.3 (50)
Totals	$53,754.5	$73,080.5	$122,223.7	$179,767.5	$173,136.9

Source: W.T. Grimm & Co.

100-MILLION-DOLLAR-PLUS TRANSACTIONS

INDUSTRY BREAKDOWN

1982 — 1986

Industry Classification of Seller	Number of Transactions					Five Year Cumulative
	1982	1983	1984	1985	1986	
Banking & Finance	12	28	12	37	39	128
Conglomerate	8	5	12	8	9	42
Retail	5	3	20	15	20	63
Broadcasting	2	6	6	22	20	56
Chemicals, Paints & Coatings	2	2	5	8	10	27
Leisure & Entertainment	1	5	7	10	20	43
Transportation	4	1	2	8	18	33
Printing & Publishing	–	4	7	10	23	44
Miscellaneous Services	3	2	2	5	13	25
Insurance	10	6	8	7	10	41
Office Equipment & Computer Hardware	1	3	3	4	2	13
Drugs, Medical Supplies & Equipment	5	2	2	11	16	36
Food Processing	7	5	6	5	13	36
Communications	1	1	–	4	5	11
Electrical Equipment	2	1	3	2	5	13
Industrial & Farm Equipment & Machinery	4	2	5	7	8	26
Beverages	4	4	3	2	6	19
Computer Software, Supplies & Services	–	1	5	7	6	19
Oil & Gas	12	19	26	25	7	89
Aerospace, Aircraft & Defense	2	2	2	8	5	19
Household Goods	1	2	2	5	7	17
Primary Metal Processing	–	2	4	5	1	12
Health Services	5	4	5	1	5	20
Automotive Products & Accessories	–	–	1	2	4	7
Instruments & Photographic Equipment	–	1	–	–	5	6
Textiles	3	5	–	2	4	14
Brokerage, Investment & Management Consulting Services	3	2	4	2	5	16
Wholesale & Distribution	–	1	4	4	6	15
Fabricated Metal Products	1	–	1	3	8	13
Miscellaneous Manufacturing	1	–	1	1	1	4
Packaging & Containers	–	3	3	2	4	12
Paper	2	1	1	4	2	10
Electric, Gas, Water & Sanitary Services	2	1	3	4	2	12
Construction Contractors & Engineering Services	1	1	2	2	3	9
Furniture	–	–	–	2	4	6
Apparel	1	–	4	3	4	12
Electronics	2	–	–	3	4	9
Stone, Clay & Glass	1	1	3	1	4	10
Toys & Recreational Products	–	–	2	1	3	6
Toiletries & Cosmetics	1	–	3	2	2	8
Construction, Mining & Oil Field Equipment & Machinery	1	2	1	–	2	6
Plastics & Rubber	–	–	1	2	2	5
Building Products & Materials	–	1	1	3	3	8
Real Estate	1	2	5	5	1	14
Timber & Forest Products	2	–	3	1	1	7
Agricultural Production	1	1	1	1	1	5
Valves, Pumps & Hydraulics	–	2	3	2	1	8
Autos & Trucks	–	1	–	–	2	3
Mining & Minerals	1	3	1	1	–	6
Energy Services	1	–	5	1	–	7
Totals	116	138	200	270	346	1,070

Source: W.T. Grimm & Co.

FOREIGN BUYERS

Foreign buyers continued their vigorous activity in the U.S. acquisition market with 264 transactions, up 34% from 197 in 1985.

The weakening of the U.S. dollar against foreign currencies in 1986 was a significant factor for foreign managements considering acquisitions.

But the key is the fact that the biggest market for the distribution of goods and the most companies available for acquisition are both in the U.S. Australia is a case in point. Most of the major companies there have outgrown their markets and, faced with no more market share at home, are forced to look for other opportunities. The largest and most stable market is in the U.S. The five countries that headed the list of foreign buyers all increased their U.S. acquisitions in 1986, from a total of 134 in 1985 to 200 in 1986, for a 49% increase.

When monitoring foreign acquisitions of American firms, the W. T. Grimm & Co. Research Department includes both foreign purchases of domestic companies and purchases of foreign-based subsidiaries of U.S. corporations. Totals for the last eight years are provided below.

Fifty-one foreign buyers qualified for membership in the W. T. Grimm & Co. $100-Million Club. They are identified by name and country in the listing beginning on page 13.

	Foreign Purchases of		
Year	U.S. Domestic Companies	Foreign-Based Units of U.S. Companies	Total Foreign Buyers
1979	202	34	236
1980	159	28	187
1981	185	49	234
1982	117	37	154
1983	101	24	125
1984	129	22	151
1985	143	54	197
1986	228	36	264

Source: W. T. Grimm & Co.

Figure 14.

Figure 15 provides annual dollar totals for foreign buyers since 1975, along with the number of transactions since 1972, the first year in which W.T. Grimm & Co. began monitoring foreign acquisitions of U.S. companies.

FOREIGN ACQUISITIONS OF U.S. COMPANIES
1972 — 1986

Year	Total Transactions	Transactions Valued at: $100MM or more	Transactions Valued at: $1,000MM or more	Total Dollar Value Paid (billions of dollars)	Base*
1972	88	–	–	#	
1973	143	5	–	#	
1974	173	4	–	#	
1975	184	2	–	$ 1.6	84
1976	178	5	–	2.4	87
1977	162	3	–	3.1	92
1978	199	17	–	6.3	134
1979	236	11	–	5.8	142
1980	187	22	–	7.1	110
1981	234	24	4	18.8	126
1982	154	15	–	5.1	81
1983	125	10	1	5.9	59
1984	151	23	2	15.1	85
1985	197	21	3	10.9	80
1986	264	51	3	24.5	156
Totals	2,675	213	13	106.6	1,236

# Data not collected in that year.

* Base: Number of transactions disclosing purchase price.

Source: W.T. Grimm & Co.

Figure 15.

Figure 16 presents a distribution of foreign buyer transactions by the price paid value along with the average and the median purchase price. The price paid distribution and average/median values for all transactions are also provided for comparative purposes. The foreign buyers' average purchase price rose to $157.1 million from $136 million in 1985 and the median price doubled to $70.7 million from $35.3 million. Note, however, the sizable difference in the median purchase price between foreign acquisitions and all acquisitions, suggesting that foreign concerns make larger purchases. Because foreign acquirers aim at penetrating the U.S. market, they tend to buy larger companies with established market shares.

FOREIGN ACQUISITIONS OF U.S. COMPANIES
PRICE PAID DISTRIBUTION
1980 — 1986

	Number (Percent of Transactions Disclosing Price)						
Price Paid Value	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**
$5 million or less	14 (13%)	27 (21%)	14 (17%)	6 (10%)	6 (7%)	12 (15%)	12 (8%)
$5.1- 25.0 million	43 (39%)	44 (35%)	23 (28%)	20 (34%)	27 (32%)	25 (31%)	52 (33%)
$25.1-99.9 million	32 (30%)	31 (25%)	29 (36%)	23 (39%)	29 (34%)	22 (27%)	41 (26%)
$100 million or more	21 (18%)	24 (19%)	15 (19%)	10 (17%)	23 (27%)	21 (27%)	51 (33%)
Base	110	126	81	59	85	80	156
Average Purchase Price (millions of dollars)	$64.3	$149.0	$63.0	$100.5	$178.0	$136.0	$157.1
Median Purchase Price (millions of dollars)	23.5	15.0	32.4	36.5	49.6	35.3	70.7

PRICE PAID DISTRIBUTION OF ALL ACQUISITIONS

Price Paid Value	1980	1981	1982	1983	1984	1985	1986
$5 million or less	306 (34%)	388 (35%)	296 (32%)	321 (30%)	270 (25%)	296 (23%)	219 (15%)
$5.1-25.0 million	324 (36%)	433 (38%)	338 (36%)	380 (35%)	361 (33%)	454 (34%)	519 (35%)
$25.1-99.9 million	166 (19%)	192 (17%)	180 (20%)	238 (22%)	253 (23%)	300 (23%)	384 (26%)
$100 million or more	94 (11%)	113 (10%)	116 (12%)	138 (13%)	200 (19%)	270 (20%)	346 (24%)
Base	890	1,126	930	1,077	1,084	1,320	1,468
Average Purchase Price (millions of dollars)	$49.8	$73.4	$57.8	$67.9	$112.8	$136.2	$117.9
Median Purchase Price (millions of dollars)	9.3	9.0	10.5	16.5	20.1	21.1	24.9

Base. Number of transactions disclosing purchase price.

Source W.T. Grimm & Co.

Figure 16.

Both the average price earnings ratio paid by foreign buyers and the premium paid over the market price of U.S. companies are compared to the average P/E and premium paid for all transactions in Figure 17. As the averages demonstrate, foreign acquirers tend to pay higher premiums and P/Es, reflecting their aggressive entry into the U.S. market.

AVERAGE PREMIUM PAID OVER MARKET COMPARISON OF FOREIGN & ALL ACQUISITIONS
1977 — 1986

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Foreign/U.S. Acquisitions	49.7%	50.5%	56.9%	55.1%	46.6%	42.1%	45.7%	40.2%	53.9%	33.0%
(Base)	(38)	(47)	(49)	(32)	(27)	(19)	(12)	(21)	(14)	(46)
All Acquisitions	40.9	46.2	49.9	49.9	48.0	47.4	37.7	37.9	37.1	38.2
(Base)	(218)	(240)	(229)	(169)	(166)	(177)	(168)	(199)	(331)	(333)

AVERAGE PRICE/EARNINGS RATIO PAID COMPARISON OF FOREIGN & ALL ACQUISITIONS
1977 — 1986

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Foreign/U.S. Acquisitions	15.9X	14.0X	20.9X	13.6X	14.4X	15.7X	18.6X	17.8X	20.8X	24.6X
(Base)	(37)	(45)	(55)	(44)	(33)	(23)	(16)	(25)	(12)	(41)
All Acquisitions	13.8	14.3	14.3	15.2	15.6	13.9	16.7	17.2	18.0	22.2
(Base)	(292)	(349)	(333)	(243)	(230)	(193)	(189)	(246)	(427)	(364)

Base: Number of transactions providing necessary data with which to compute average.

Source: W.T. Grimm & Co.

Figure 17.

The number of foreign buyers in each of the 50 W.T. Grimm & Co. industry classifications appears on page 53, followed by a dollar breakdown on page 54.

A breakdown by country of 1986's foreign purchasers begins on page 55. Totals for the previous nine years are also provided. A country breakdown by dollars for the last six years appears on page 56.

INDUSTRIES ATTRACTING FOREIGN BUYERS
1982 — 1986

	Number of Transactions					Five Year Cumulative
Seller Industry Category	**1982**	**1983**	**1984**	**1985**	**1986**	
Chemicals, Paints & Coatings	9	10	8	20	18	65
Miscellaneous Services	7	8	5	11	18	49
Printing & Publishing	5	7	3	13	16	44
Drugs, Medical Supplies & Equipment	4	2	4	12	14	36
Instruments & Photographic Equipment	4	1	4	6	13	28
Stone, Clay & Glass	2	1	5	5	12	25
Insurance	8	5	6	6	11	36
Retail	5	5	12	9	11	42
Food Processing	4	9	8	8	11	40
Electronics	4	5	3	4	11	27
Electrical Equipment	3	2	2	6	9	22
Computer Software, Supplies & Equipment	1	2	3	5	9	20
Industrial & Farm Machinery & Equipment	7	6	3	7	8	31
Office Equipment & Computer Hardware	3	2	4	5	8	22
Wholesale & Distribution	9	4	7	10	8	38
Banking & Finance	10	7	1	9	7	34
Leisure & Entertainment	2	2	1	3	7	15
Household Goods	3	1	3	1	6	14
Mining & Minerals	5	2	2	2	5	16
Fabricated Metal Products	–	4	1	2	5	12
Plastics & Rubber	4	1	3	3	5	16
Aerospace, Aircraft & Defense	2	2	1	2	4	11
Oil & Gas	7	9	16	8	4	44
Packaging & Containers	2	4	2	4	4	16
Apparel	2	–	2	–	4	8
Primary Metal Processing	3	–	5	3	4	15
Conglomerate	2	–	2	1	3	8
Transportation	3	–	4	1	3	11
Automotive Products & Accessories	4	2	1	2	3	12
Valves, Pumps & Hydraulics	1	–	–	–	3	4
Toiletries & Cosmetics	1	–	–	2	2	5
Brokerage, Investment & Management Consulting Services	4	6	6	4	2	22
Construction Contractors & Engineering Services	3	2	1	3	2	11
Beverages	7	2	–	2	2	13
Health Services	4	2	2	1	2	11
Paper	–	1	4	3	2	10
Construction, Mining & Oil Field Machinery & Equipment	1	1	2	1	2	7
Communications	3	–	2	–	2	7
Real Estate	–	–	–	–	1	1
Broadcasting	–	–	–	1	1	2
Furniture	1	–	2	–	1	4
Agricultural Production	1	–	2	2	1	6
Building Products & Materials	–	2	2	2	–	6
Autos & Trucks	–	–	1	2	–	3
Miscellaneous Manufacturing	–	3	2	2	–	7
Timber & Forest Products	1	–	–	1	–	2
Toys & Recreational Products	–	–	1	1	–	2
Electric, Gas, Water & Sanitary Services	2	–	–	1	–	3
Energy Services	–	2	2	1	–	5
Textiles	1	1	1	–	–	3
Totals	154	125	151	197	264	891

Source: W.T. Grimm & Co.

FOREIGN BUYERS
INDUSTRY DOLLAR TOTAL
1982 — 1986

	Total Dollar Value (Base*)				
Seller Industry Category	**1982**	**1983**	**1984**	**1985**	**1986**
Chemicals, Paints & Coatings	267.0 (4)	172.0 (3)	1,045.5 (6)	1,520.3 (9)	$ 4,476.0 (10)
Conglomerate	72.1 (2)	–	468.9 (1)	503.5 (1)	4,154.8 (2)
Insurance	373.1 (4)	146.7 (5)	417.8 (5)	768.8 (3)	1,587.7 (8)
Printing & Publishing	16.9 (2)	209.0 (4)	350.0 (1)	196.0 (3)	1,564.9 (8)
Drugs, Medical Supplies & Equipment	103.7 (3)	22.7 (2)	50.0 (1)	617.0 (5)	1,119.3 (9)
Miscellaneous Services	151.4 (4)	115.4 (5)	85.2 (5)	39.2 (7)	1,097.9 (14)
Retail	434.2 (5)	20.1 (1)	592.0 (6)	883.4 (6)	1,061.1 (7)
Food Processing	131.0 (3)	253.0 (3)	2,933.4 (3)	256.5 (4)	991.7 (4)
Stone, Clay & Glass	82.9 (2)	150.0 (1)	212.5 (3)	341.5 (4)	950.3 (11)
Household Goods	–	–	62.6 (2)	–	888.2 (4)
Instruments & Photographic Equipment	6.0 (1)	–	13.1 (2)	40.3 (2)	837.4 (10)
Banking & Finance	217.6 (4)	1,389.6 (7)	263.9 (1)	421.7 (4)	834.8 (3)
Leisure & Entertainment	34.8 (2)	7.3 (1)	–	510.0 (3)	720.4 (6)
Toiletries & Cosmetics	100.0 (1)	–	–	–	631.0 (1)
Real Estate	–	–	–	–	500.0 (1)
Transportation	200.0 (1)	–	19.0 (2)	–	339.8 (2)
Brokerage, Investment & Management Consulting Services	210.5 (3)	77.8 (3)	122.3 (3)	27.1 (1)	324.0 (2)
Aerospace, Aircraft & Defense	79.9 (1)	3.0 (1)	6.4 (1)	–	298.7 (3)
Electrical Equipment	57.5 (2)	15.9 (2)	–	23.0 (3)	294.9 (7)
Oil & Gas	835.4 (6)	281.7 (6)	6,720.9 (13)	4,176.9 (6)	290.0 (1)
Construction Contractors & Engineering Services	–	–	–	–	274.5 (1)
Beverages	261.3 (5)	200.0 (1)	–	–	254.0 (2)
Industrial & Farm Machinery & Equipment	334.4 (4)	8.3 (1)	107.4 (1)	116.0 (2)	204.4 (6)
Office Equipment & Computer Hardware	228.7 (3)	–	76.8 (3)	42.0 (1)	179.0 (8)
Automotive Products & Accessories	52.0 (1)	–	9.0 (1)	–	142.8 (1)
Electronics	–	20.0 (1)	37.0 (1)	71.0 (1)	124.5 (6)
Mining & Minerals	46.3 (2)	2,494.8 (2)	97.0 (2)	–	88.9 (2)
Wholesale & Distribution	7.7 (2)	11.4 (1)	485.0 (6)	63.7 (6)	46.2 (4)
Fabricated Metal Products	–	29.9 (1)	–	–	45.0 (1)
Packaging & Containers	80.0 (1)	130.0 (1)	171.0 (1)	19.1 (2)	31.0 (2)
Health Services	277.5 (3)	64.2 (1)	123.9 (2)	–	30.0 (1)
Broadcasting	–	–	–	–	28.0 (1)
Furniture	–	–	56.0 (1)	–	18.3 (1)
Paper	–	–	83.0 (1)	150.0 (1)	26.1 (1)
Plastics & Rubber	22.0 (2)	–	71.0 (1)	30.8 (2)	17.5 (2)
Apparel	4.5 (1)	–	10.2 (1)	–	15.0 (1)
Computer Software, Supplies & Services	–	43.6 (2)	5.3 (1)	–	13.0 (2)
Primary Metal Processing	–	–	281.0 (2)	4.8 (1)	10.2 (1)
Construction, Mining & Oil Field Machinery & Equipment	–	32.1 (1)	23.7 (2)	10.0 (1)	–
Valves, Pumps & Hydraulics	4.0 (1)	–	–	–	–
Agricultural Production	–	–	43.0 (1)	–	–
Communications	62.0 (3)	–	–	–	–
Electric, Gas, Water & Sanitary Services	3.0 (1)	–	–	48.3 (1)	–
Miscellaneous Manufacturing	–	1.2 (1)	–	3.0 (1)	–
Textiles	106.5 (1)	–	8.0 (1)	–	–
Timber & Forest Products	242.0 (1)	–	–	–	–
Building Products & Materials	–	–	–	–	–
Autos & Trucks	–	–	–	–	–
Toys & Recreational Products	–	–	70.0 (1)	–	–
Energy Services	–	27.8 (2)	10.0 (1)	–	–
Totals	$5,105.9 (81)	$5,927.5 (59)	$15,131.8 (85)	$10,883.9 (80)	$24,511.3 (156)

*Base: The number of transactions disclosing a purchase price.

Source: W.T. Grimm & Co.

FOREIGN BUYERS
NUMBER OF TRANSACTIONS BY COUNTRY
1977 — 1986

	Number of Acquisitions										Ten Year Cumulative
Country of Buyers	**1977**	**1978**	**1979**	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	
United Kingdom	39	62	60	50	80	54	41	48	78	89	601
Canada	45	49	50	57	62	36	28	36	25	64	452
West Germany	18	27	37	14	14	6	2	4	12	19	153
Japan	4	9	11	9	9	4	6	6	9	16	83
Australia	4	2	5	2	7	2	6	5	10	12	55
Sweden	1	2	4	8	7	4	3	8	7	11	55
Netherlands	8	4	11	6	8	5	7	5	17	9	80
Switzerland	3	11	16	7	6	7	7	7	10	6	80
France	7	6	18	20	14	12	7	7	4	6	101
Italy	5	3	1	1	4	1	5	1	4	5	30
South Africa	1	–	–	–	2	–	–	–	5	5	13
Hong Kong	–	1	2	2	2	4	–	1	1	3	16
Bermuda	1	1	–	–	–	–	1	–	1	3	7
Brazil	3	–	4	–	1	1	–	–	–	3	12
Belgium	10	4	2	–	–	–	–	3	1	2	22
Ireland	–	–	–	–	1	1	1	1	1	2	7
Israel	–	–	1	–	2	–	1	1	1	2	8
New Zealand	–	–	–	–	–	1	1	1	–	2	5
Finland	–	–	2	1	–	–	5	2	4	1	15
South Korea	1	2	–	–	–	1	–	–	–	1	5
Venezuela	1	–	1	–	–	–	1	–	–	1	4
Denmark	2	2	–	–	–	–	–	1	2	–	7
Norway	–	–	–	1	–	–	1	5	2	–	9
Argentina	1	–	2	1	1	–	–	–	1	–	6
Philippines	2	–	2	–	1	1	–	–	1	–	7
Singapore	–	–	–	–	–	2	–	–	1	–	3
Austria	1	–	–	–	–	–	–	–	–	–	1
Bahamas	–	1	–	1	–	–	–	1	–	–	3
Bahrain	–	–	–	–	–	–	–	1	–	–	1
Colombia	1	–	–	1	–	1	–	1	–	–	4
Greece	–	–	–	–	1	–	–	1	–	–	2
Jamaica	1	–	1	–	–	–	–	–	–	–	2
Kuwait	–	1	–	1	1	1	1	2	–	–	7
Libya	–	–	–	–	–	1	–	–	–	–	1
Luxembourg	–	1	1	–	–	–	–	–	–	–	2
Malaysia	–	–	–	–	1	–	–	1	–	–	2
Mexico	2	3	1	1	2	3	–	–	–	–	12
Panama	–	1	–	–	–	1	–	–	–	–	2
Puerto Rico	–	–	–	–	1	–	1	–	–	–	2
Saudi Arabia	–	3	1	–	3	–	–	–	–	–	7
Spain	–	–	2	2	1	2	–	1	–	–	8
Taiwan	–	–	–	–	1	–	–	–	–	–	1
Thailand	–	1	–	–	–	1	–	–	–	–	2
Trinidad	–	–	–	–	–	–	–	1	–	–	1
Undisclosed	1	3	1	2	2	2	–	–	–	2	13
Total Foreign Buyers	162	199	236	187	234	154	125	151	197	264	1,909

Source: W.T. Grimm & Co.

FOREIGN BUYERS
DOLLAR TOTAL BY COUNTRY
1981 — 1986

Country of Buyer	Total Dollar Value (Base*)					
	1981	1982	1983	1984	1985	1986
United Kingdom	$ 1,458.5 (51)	$1,780.3 (33)	$1,024.5 (22)	$ 2,754.1 (31)	$ 3,401.3 (40)	$ 7,827.8 (72)
West Germany	400.6 (6)	9.3 (2)	44.0 (1)	214.5 (2)	1,243.0 (4)	4,303.3 (7)
Netherlands	230.3 (3)	90.1 (3)	48.8 (3)	5,605.4 (2)	1,871.3 (8)	3,491.7 (4)
Canada	8,193.1 (34)	1,299.2 (19)	1,309.9 (16)	1,266.6 (19)	2,143.0 (6)	2,837.3 (33)
France	4,804.5 (7)	224.5 (3)	15.0 (1)	236.8 (4)	135.7 (3)	2,332.5 (4)
Australia	615.3 (3)	–	2,468.4 (3)	626.3 (4)	1,266.7 (5)	926.3 (6)
Japan	122.2 (7)	237.0 (2)	688.7 (4)	430.4 (3)	34.2 (3)	899.4 (10)
Sweden	138.9 (3)	118.8 (3)	8.3 (1)	137.6 (4)	22.0 (2)	827.6 (3)
Switzerland	113.3 (3)	557.9 (3)	107.7 (3)	2,904.6 (3)	221.9 (2)	291.0 (3)
Venezuela	–	–	–	–	–	290.0 (1)
Belgium	–	–	–	46.0 (2)	–	116.5 (1)
Ireland	–	–	95.0 (1)	–	150.0 (1)	103.5 (1)
Hong Kong	–	160.6 (3)	–	–	–	79.8 (2)
Italy	103.1 (2)	4.5 (1)	56.1 (1)	–	20.2 (1)	72.9 (3)
Brazil	–	5.6 (1)	–	–	–	72.0 (1)
South Korea	–	60.0 (1)	–	–	–	13.4 (1)
Finland	–	–	–	3.7 (1)	108.3 (2)	12.3 (1)
New Zealand	–	242.0 (1)	–	36.0 (1)	–	10.2 (1)
Israel	50.0 (1)	–	10.0 (1)	8.0 (1)	–	2.6 (1)
Bermuda	–	–	39.7 (1)	–	215.0 (1)	1.2 (1)
Singapore	–	–	–	–	50.0 (1)	–
Denmark	–	–	–	113.0 (1)	1.3 (1)	–
Argentina	11.2 (1)	–	–	–	–	–
Norway	–	–	–	45.0 (1)	–	–
Philippines	14.7 (1)	–	–	–	–	–
Bahamas	–	–	–	24.8 (1)	–	–
Bahrain	–	–	–	70.0 (1)	–	–
Colombia	–	50.0 (1)	–	–	–	–
Greece	–	–	–	23.0 (1)	–	–
Kuwait	2,486.1 (1)	150.0 (1)	–	340.0 (1)	–	–
Malaysia	–	–	–	71.0 (1)	–	–
Mexico	–	11.8 (1)	–	–	–	–
Puerto Rico	–	–	11.4 (1)	–	–	–
Saudi Arabia	12.4 (2)	–	–	–	–	–
Spain	–	64.3 (2)	–	–	–	–
Trinidad	–	–	–	175.0 (1)	–	–
Undisclosed	24.0 (1)	40.0 (1)	–	–	–	–
Totals	$18,778.2 (126)	$5,105.9 (81)	$5,927.5 (59)	$15,131.8 (85)	$10,883.9 (80)	$24,511.3 (156)

*Base: The number of transactions disclosing a purchase price.

Source: W.T. Grimm & Co.

FOREIGN SELLERS

American purchases of foreign businesses increased only 3% to 180 from 175 in 1985. Figure 18 divides the number of U.S acquisitions of foreign companies into four groups: (1) U.S. firms acquiring controlling interests in foreign companies, (2) U.S. firms purchasing minority interests in foreign companies, (3) foreign corporations divesting themselves of foreign-based units, and (4) foreign corporations divesting themselves of U.S.-based units.

In 1986, W. T. Grimm & Co. recorded 12 transactions with foreign sellers where the purchase price was $100 million or more. These 12 transactions are listed in the 100-Million-Dollar Club beginning on page 13 and can be identified since the country is listed after the name of the selling company.

Five of these transactions were acquisitions of an entire foreign company and are listed in the 100-million-dollar club as "Foreign Sellers." The other seven transactions were acquisitions of units of foreign sellers and are listed as "Divestitures" in the 100-Million-Dollar Club.

U.S. ACQUISITIONS OF FOREIGN COMPANIES

1980 — 1986

	Acquisitions of		Divestitures of		
	Controlling Interests	Minority Interests	Foreign-Based Units	U.S.-Based Units	Total Foreign Sellers
1980	62	15	18	7	102
1981	67	14	9	11	101
1982	69	15	22	15	121
1983	95	15	17	19	146
1984	81	16	28	22	147
1985	89	17	37	32	175
1986	93	8	36	43	180

Source: W.T. Grimm & Co.

Figure 18.

The number of sellers in each of the W.T. Grimm & Co. industry classifications appears on page 59, followed by a dollar breakdown on page 60.

A listing of 1986's foreign sellers by country appears on page 61. Totals for the previous nine years are also provided. A tabulation by dollars per country for the last six years appears on page 62.

Foreign seller data presented in Figure 19 consist of both the acquisitions of entire companies and the purchases of divisions and subsidiaries, while foreign seller data detailed in Figures 3, 4, 7, and 8 represent only acquisitions of entire companies.

U.S. ACQUISITIONS OF FOREIGN COMPANIES
1972 — 1986

		Transactions Valued at			
Year	**Total Transactions**	**$100MM or more**	**$1,000MM or more**	**Total Dollar Value Paid (millions of dollars)**	**Base***
1972	531	2	—	#	
1973	323	—	—	#	
1974	257	—	—	#	
1975	178	—	—	$ 433.2	48
1976	126	1	—	887.1	44
1977	112	2	—	951.6	48
1978	98	1	—	680.3	36
1979	119	4	—	1,475.5	34
1980	102	4	1	3,779.7	26
1981	101	3	—	1,073.0	34
1982	121	3	—	770.1	31
1983	146	9	—	2,490.8	41
1984	147	8	—	2,550.0	48
1985	175	3	—	1,449.1	46
1986	180	12	1	5,154.7	61
	2,716	52	2	21,695.1	497

# Data not collected in that year.

* Base: The number of transactions disclosing a purchase price.

Source: W.T. Grimm & Co.

(The W.T. Grimm & Co. Research Department started monitoring U.S. acquisitions of foreign companies in 1972.)

Figure 19.

Historical Note

U.S. purchases of foreign companies plunged 82% from 531 in 1972 to 98 in 1978. Having traditionally invested capital and technology during the 1960s to develop industries in other nations, the United States entered the '70s only to confront a variety of domestic economic problems requiring the full attention and diligence of American companies. Rising inflation, recession, tight money, lower earnings, growing unemployment, mounting Federal deficits, all forced U.S. corporate managements to concentrate on ensuring economic survival of their businesses. Furthermore, the weakened dollar and a flurry of nationalizations of foreign investments in certain countries hindered any further American investments abroad.

INDUSTRIES ATTRACTING AMERICAN BUYERS
1982 — 1986

Seller Industry Category	Number of Transactions 1982	1983	1984	1985	1986	Five Year Cumulative
Miscellaneous Services	12	13	7	16	12	60
Wholesale & Distribution	5	8	10	13	11	47
Computer Software, Supplies & Services	4	3	5	4	10	26
Retail	1	2	2	4	9	18
Drugs, Medical Supplies & Equipment	9	8	9	10	7	43
Food Processing	4	5	4	9	7	29
Insurance	7	4	6	2	7	26
Industrial & Farm Machinery & Equipment	2	8	13	10	6	39
Chemicals, Paints & Coatings	2	6	5	7	6	26
Automotive Products & Accessories	1	1	3	6	6	17
Brokerage, Investment & Management Consulting Services	4	2	10	6	6	28
Printing & Publishing	2	3	5	3	6	19
Transportation	1	1	1	–	6	9
Banking & Finance	7	8	5	7	5	32
Apparel	1	3	1	–	5	10
Textiles	–	1	2	2	4	9
Leisure & Entertainment	–	3	3	8	4	18
Household Goods	–	1	2	5	4	12
Oil & Gas	5	5	6	4	4	24
Electronics	5	3	9	5	4	26
Office Equipment & Computer Hardware	1	6	2	1	4	14
Stone, Clay & Glass	2	2	4	1	4	13
Valves, Pumps & Hydraulics	3	4	4	7	3	21
Broadcasting	1	1	–	5	3	10
Autos & Trucks	–	–	–	2	3	5
Instruments & Photographic Equipment	8	3	7	2	3	23
Building Products & Materials	–	–	3	1	3	7
Paper	2	1	2	–	3	8
Toys & Recreational Products	2	1	–	–	3	6
Toiletries & Cosmetics	2	3	–	3	2	10
Electrical Equipment	7	4	2	3	2	18
Primary Metal Processing	1	5	2	2	2	12
Fabricated Metal Products	5	4	1	2	2	14
Beverages	1	1	1	1	2	6
Electric, Gas, Water & Sanitary Services	–	4	1	1	2	8
Construction, Mining & Oil Field Machinery & Equipment	1	1	2	–	2	6
Miscellaneous Manufacturing	2	4	1	5	1	13
Mining & Minerals	–	–	1	2	1	4
Communications	–	–	–	2	1	3
Health Services	–	–	1	2	1	4
Conglomerate	1	1	–	2	1	5
Packaging & Containers	3	2	–	1	1	7
Construction Contractors & Engineering Services	2	5	3	1	1	12
Furniture	–	–	–	–	1	1
Plastics & Rubber	1	4	1	3	–	9
Aerospace, Aircraft & Defense	–	1	–	2	–	3
Energy Services	2	–	–	2	–	4
Agricultural Production	1	1	1	1	–	4
Real Estate	1	–	–	–	–	1
Timber & Forest Products	–	–	–	–	–	–
Totals	121	146	147	175	180	769

Source: W.T. Grimm & Co.

FOREIGN SELLERS
INDUSTRY DOLLAR TOTAL
1982 — 1986

Seller Industry Category	Total Dollar Value (Base*)				
	1982	**1983**	**1984**	**1985**	**1986**
Banking & Finance	$ 220.0 (2)	$ 880.7 (5)	$ 99.0 (3)	$ 43.2 (2)	$1,380.0 (2)
Leisure & Entertainment	–	18.9 (2)	12.0 (1)	162.0 (2)	1,202.4 (3)
Retail	–	4.1 (1)	30.1 (1)	55.0 (1)	295.0 (2)
Automotive Products & Accessories	–	–	–	140.0 (2)	255.0 (2)
Paper	–	28.2 (1)	–	–	235.7 (2)
Transportation	–	–	–	–	214.8 (3)
Household Goods	–	32.0 (1)	327.0 (1)	15.0 (1)	187.4 (3)
Communications	–	–	–	–	141.7 (1)
Drugs, Medical Supplies & Equipment	10.0 (1)	316.5 (2)	3.4 (2)	2.0 (1)	112.7 (3)
Computer Software, Supplies & Services	3.8 (2)	4.2 (1)	101.7 (1)	20.3 (2)	111.6 (2)
Oil & Gas	36.8 (2)	109.0 (2)	908.0 (5)	36.9 (3)	110.3 (3)
Insurance	–	168.6 (2)	266.0 (2)	55.5 (2)	109.1 (3)
Miscellaneous Services	–	53.0 (2)	30.9 (2)	92.5 (1)	102.3 (4)
Electrical Equipment	137.1 (3)	14.1 (2)	–	14.0 (1)	90.0 (1)
Beverages	–	–	43.3 (1)	–	90.0 (1)
Electric, Gas, Water & Sanitary Services	–	9.0 (1)	1.0 (1)	–	80.0 (2)
Conglomerate	10.7 (1)	0.4 (1)	–	51.9 (2)	75.0 (1)
Toys & Recreational Products	9.6 (1)	–	–	–	62.0 (1)
Apparel	8.3 (1)	–	–	–	47.6 (3)
Chemicals, Paints & Coatings	–	–	132.3 (2)	41.2 (1)	36.0 (2)
Autos & Trucks	–	–	–	–	31.6 (1)
Brokerage, Investment & Management Consulting Services	16.2 (2)	29.7 (1)	123.5 (3)	157.6 (2)	26.0 (1)
Health Services	–	–	20.0 (1)	13.8 (1)	23.0 (1)
Instruments & Photographic Equipment	–	–	11.0 (2)	–	23.0 (1)
Primary Metal Processing	–	–	–	–	23.0 (1)
Textiles	–	119.0 (1)	15.4 (2)	6.1 (1)	22.1 (3)
Industrial & Farm Machinery & Equipment	6.0 (1)	16.7 (3)	7.7 (2)	22.0 (1)	14.4 (2)
Building Products & Materials	–	–	19.7 (2)	–	12.0 (1)
Furniture	–	–	–	–	11.5 (1)
Electronics	4.3 (2)	–	3.5 (1)	61.1 (3)	10.4 (1)
Food Processing	153.5 (2)	105.0 (1)	95.5 (3)	70.0 (2)	8.1 (1)
Mining & Minerals	–	–	–	23.7 (1)	4.3 (1)
Wholesale & Distribution	55.2 (2)	–	–	34.7 (3)	3.7 (1)
Toiletries & Cosmetics	–	23.7 (2)	–	–	3.0 (1)
Aerospace, Aircraft & Defense	–	–	–	116.3 (1)	–
Broadcasting	2.0 (1)	55.0 (1)	–	67.0 (2)	–
Printing & Publishing	4.5 (1)	8.2 (1)	52.0 (1)	59.3 (2)	–
Agricultural Production	–	–	95.5 (1)	42.5 (1)	–
Valves, Pumps & Hydraulics	1.2 (1)	183.0 (2)	1.6 (1)	25.4 (2)	–
Miscellaneous Manufacturing	8.0 (1)	13.3 (1)	–	15.0 (1)	–
Office Equipment & Computer Hardware	–	275.7 (3)	4.9 (2)	4.0 (1)	–
Fabricated Metal Products	–	10.0 (1)	–	1.1 (1)	–
Packaging & Containers	5.9 (2)	–	–	–	–
Stone, Clay & Glass	43.0 (1)	–	6.6 (2)	–	–
Construction, Mining & Oil Field Machinery & Equipment	–	–	57.4 (2)	–	–
Real Estate	31.0 (1)	–	–	–	–
Construction Contractors & Engineering Services	–	12.8 (1)	81.0 (1)	–	–
Energy Services	3.0 (1)	–	–	–	–
Totals	$ 770.1 (31)	$2,490.8 (41)	$2,550.0 (48)	$1,449.1 (46)	$5,154.7 (61)

*Base: The number of transactions disclosing a purchase price.

Source: W.T. Grimm & Co.

FOREIGN SELLERS
NUMBER OF TRANSACTIONS BY COUNTRY
1977 — 1986

Country of Seller	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	Ten Year Cumulative
Canada	32	23	15	15	8	30	35	24	42	54	278
United Kingdom	24	29	35	38	27	30	39	45	44	50	361
West Germany	9	7	10	7	11	12	13	13	15	13	110
France	8	3	17	8	12	8	8	15	16	12	107
Australia	3	8	6	7	7	6	3	6	7	7	60
Belgium	4	1	1	1	1	2	1	3	3	6	23
Netherlands	3	5	4	3	6	3	8	3	7	5	47
Switzerland	2	2	1	2	1	10	11	3	5	5	42
Italy	2	–	4	2	3	2	6	6	13	4	42
Spain	3	1	7	5	3	–	3	6	3	4	35
Hong Kong	2	3	2	–	–	4	1	4	–	3	19
Japan	2	1	2	–	–	3	3	7	7	2	27
Sweden	2	2	1	1	2	–	1	3	3	2	17
Puerto Rico	3	–	–	–	1	1	2	–	1	2	10
South Korea	–	–	1	1	–	1	–	–	–	2	5
Bermuda	–	–	–	–	–	–	–	–	–	2	2
Ireland	–	–	–	–	–	–	–	–	–	2	2
Brazil	4	2	2	3	4	2	2	3	2	1	25
Mexico	3	–	2	3	4	1	1	–	1	1	16
Israel	–	1	–	–	2	–	–	–	–	1	4
Philippines	–	1	–	–	–	–	–	–	–	1	2
Virgin Islands	–	–	–	–	–	–	–	–	–	1	1
Taiwan	–	–	1	–	1	–	2	–	2	–	6
New Zealand	–	–	1	–	–	–	–	2	1	–	4
Panama	1	–	–	–	–	–	–	–	1	–	2
Singapore	–	–	–	–	–	–	–	–	1	–	1
Turkey	–	–	–	–	–	–	–	–	1	–	1
Argentina	–	–	1	1	2	–	1	–	–	–	5
Austria	1	1	1	–	1	1	1	–	–	–	6
Bahamas	1	–	–	–	–	–	–	–	–	–	1
Barbados	–	–	–	1	–	–	–	–	–	–	1
Chile	1	1	–	–	1	–	–	–	–	–	3
Colombia	–	–	1	–	–	–	–	–	–	–	1
Denmark	1	2	2	–	2	–	1	2	–	–	10
Dominican Republic	–	–	–	1	–	–	–	–	–	–	1
Finland	–	–	–	–	–	–	1	–	–	–	1
Greece	–	1	–	–	–	1	–	–	–	–	2
Haiti	–	–	–	–	–	–	1	–	–	–	1
Iran	1	–	–	–	–	–	–	–	–	–	1
Jamaica	–	1	–	–	–	–	–	–	–	–	1
Jordan	–	1	–	–	–	–	–	–	–	–	1
Liechtenstein	–	–	–	–	–	–	–	1	–	–	1
Luxembourg	–	–	–	–	–	1	–	–	–	–	1
Malaysia	–	–	–	–	–	1	–	–	–	–	1
Nigeria	–	–	–	1	–	–	–	–	–	–	1
Norway	–	1	–	–	–	–	–	1	–	–	2
Peru	–	–	–	1	–	–	–	–	–	–	1
South Africa	–	–	1	–	–	1	–	–	–	–	2
Sri Lanka	–	–	–	–	–	–	1	–	–	–	1
Uruguay	–	–	1	–	–	–	–	–	–	–	1
Venezuela	–	–	–	–	2	–	1	–	–	–	3
Zimbabwe	–	–	–	–	–	1	–	–	–	–	1
Undisclosed	–	1	–	1	–	–	–	–	–	–	2
Total Foreign Sellers	112	98	119	102	101	121	146	147	175	180	1,301

Source: W.T. Grimm & Co.

FOREIGN SELLERS
DOLLAR TOTAL BY COUNTRY
1981 — 1986

	Total Dollar Value (Base*)					
Country of Seller	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**
United Kingdom	$ 552.2 (15)	$ 367.6 (11)	$ 656.5 (16)	$ 554.8 (16)	$ 721.9 (18)	$3,452.9 (27)
Canada	155.2 (2)	89.3 (9)	398.6 (11)	1,191.0 (14)	348.2 (11)	457.8 (13)
Italy	17.5 (2)	55.0 (1)	288.2 (2)	–	17.8 (1)	300.0 (1)
Switzerland	–	178.0 (3)	565.4 (3)	18.7 (2)	–	248.2 (2)
Australia	–	–	–	339.6 (3)	111.7 (3)	189.4 (4)
West Germany	61.7 (4)	13.2 (3)	6.7 (1)	120.4 (2)	56.0 (3)	172.0 (2)
Puerto Rico	3.0 (1)	2.2 (1)	55.0 (1)	–	–	166.7 (2)
Japan	–	–	313.5 (1)	7.0 (1)	22.0 (1)	62.0 (1)
France	9.3 (3)	43.0 (1)	–	110.1 (4)	27.1 (4)	32.8 (3)
Bermuda	–	–	–	–	–	23.7 (2)
Brazil	–	–	–	20.0 (1)	–	23.0 (1)
Israel	–	–	–	–	–	10.4 (1)
Netherlands	26.0 (2)	–	180.2 (3)	–	96.2 (3)	9.0 (1)
Ireland	–	–	–	–	–	6.7 (1)
Belgium	–	–	–	–	40.0 (1)	–
Turkey	–	–	–	–	8.2 (1)	–
Mexico	95.0 (2)	–	6.5 (1)	–	–	–
New Zealand	5.6 (1)	–	–	–	–	–
Spain	–	–	17.2 (1)	–	–	–
Sweden	2.5 (1)	–	–	4.9 (1)	–	–
Argentina	145.0 (1)	–	–	–	–	–
Denmark	–	–	–	2.7 (1)	–	–
Finland	–	–	3.0 (1)	–	–	–
Hong Kong	–	8.3 (1)	–	180.8 (3)	–	–
Zimbabwe	–	13.5 (1)	–	–	–	–
Totals	$1,073.0 (34)	$ 770.1 (31)	$2,490.8 (41)	$2,550.0 (48)	$1,449.1 (46)	$5,154.6 (61)

*Base: The number of transactions disclosing a purchase price.

Source: W.T. Grimm & Co.

ACQUISITION LEADERS

There are 60 companies on the W. T. Grimm & Co. aggressive buyer roster for 1986, each one acquiring five or more concerns, and accounting for a total of 397 acquisitions, or 12% of all 1986 merger-acquisition activity. This compares with 345 acquisitions, 11% of all activity, by 55 aggressive buyers during 1985.

All but 10 of the entries on the 1986 list are newcomers. The 10 returning aggressive acquirers are:

- Banc One Corp.
- Barnett Banks of Florida
- Centel Corp.
- ConAgra Inc.
- Dart & Kraft Inc.
- General Electric Corp.
- W. R. Grace & Co.
- McGraw Hill Inc.
- Ryder Systems Inc.
- Security Pacific Corp.

The 60 aggressive buyers of 1986 and the number of known acquisition proposals initiated by each are indicated here along with the types of product lines and businesses that were acquired.

AGGRESSIVE BUYERS

1986

Company	Number of Acquisitions	Product Lines and/or Businesses Acquired
Dart & Kraft	17	food service & distribution, food processing
Ameritrust Corp.	13	banking, data communications
Home Shopping Network	11	television stations
Gulf & Western Industries Inc.	10	publishing, motion picture distribution, software
Banc One Corp.	10	banking, office equipment leasing
DuPont, (E.I.) de Nemours & Co.	9	agrichemicals, electronic circuitry, pharmaceuticals, packaging, electronic marking systems
ConAgra Inc.	8	food processing & marketing, agrichemicals
Adia Services Inc.	8	temporary personnel, employment services
Aluminum Co. of America	8	packaging, ceramics, waste-treatment systems, defense, biotechnology
IC Industries Inc.	8	refrigeration equipment, bottling, food processing
MacMillan Inc.	8	publishing, information services
Nortek Inc.	8	building products
U.S. West Inc.	8	publishing directories, software

Coca Cola Co.	7	beverage bottling, entertainment
Dynatech Corp.	7	telecommunications equipment, computer hardware, precision optical equipment
First Union Corp.	7	banking
Ford Motor Co.	7	autos & trucks, banking, auto products, ceramics
W.R. Grace & Co.	7	restaurants, video cassette & software distribution, contract drilling, medical equipment
Hartford National Corp.	7	banking
Marsh & McLennan Cos. Inc.	7	benefits & actuarial consulting, insurance underwriting
McGraw Hill Inc.	7	publishing, information services, financial services
Merchants National Corp.	7	banking
Pillsbury Co.	7	food processing, restaurants
Policy Management Systems Corp.	7	insurance underwriting services
Ryder Systems Inc.	7	charter services, insurance brokerage, equipment leasing
Summcorp	7	banking
International Thomson Organization Ltd.	6	publishing, information services
American City Business Journals Inc.	6	publishing of business & financial news services
Bank New England Corp.	6	banking
BSN Corp.	6	sporting equipment & uniforms
Eastman Kodak Co.	6	biotechnology, pharmaceuticals, precision optics, photo finishing
General Electric Corp.	6	financial services, equipment leasing, shipping
Masco Industries Inc.	6	building products, furniture, automotive products
Security Pacific Corp.	6	banking, credit data services

The Alpine Group Inc.	6	textiles, metal coatings, fasteners
Whittaker Corp.	6	defense technologies, medical equipment, chemicals
Alexander & Alexander Services Inc.	5	benefits consulting, actuarial services
Armstrong World Industries Inc.	5	building products, furniture
Barnett Banks of Florida Inc.	5	banking
Borden Inc.	5	dairy products, food processing
Care Plus Inc.	5	home health services
Centel Corp.	5	cable TV systems, information services
Chartwell Group Ltd.	5	furniture & lighting fixtures
Citicorp	5	banks, brokerage, financial information services
Continental Illinois Corp.	5	banking, options clearing service
Great Western Financial Corp.	5	consumer finance, credit insurance, banking
James River Corp.	5	plastics, specialty papers
Lorimar Inc.	5	broadcasting, entertainment
Mediq Inc.	5	health services, equipment leasing, architectural services
Nynex Corp.	5	computer software & hardware distribution, cellular communications, directories
Pansophic Systems Inc.	5	software, graphics production systems
Parker Hannifin Corp.	5	industrial equipment, control systems
PPG Industries Inc.	5	medical equipment, chemicals, glass making machinery
Rockwell International Corp.	5	electronic controls, automotive assemblies
Safeguard Business Systems Inc.	5	information systems, software
Sears Roebuck & Co.	5	real estate brokerage
Stanley Works	5	tools, fasteners, automated material storage systems
Sudbury Holdings Inc.	5	automotive assemblies, specialty metal products

Texas Air Corp.	5	airlines
Wickes Cos. Inc.	5	furniture, home improvement & auto products retail centers

A listing of the most aggressive acquirers over an eight-year cumulative period, those that have acquired a total of 20 or more other companies, appears in Figure 20.

ACQUISITION LEADERS

1979 — 1986

	Number of Acquisitions								
Company	**1979**	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**	**Eight-Year Total**
Merrill Lynch & Co.	1	7	9	8	6	4	14	1	50
W. R. Grace & Co.	8	10	5	2	3	4	4	7	43
National Medical Enterprises Inc.	2	2	10	5	4	13	3	1	40
General Electric Corp.	4	6	8	3	6	4	3	6	40
Security Pacific Corp.	1	1	3	8	7	8	5	6	39
ConAgra Inc.	2	3	4	3	3	8	8	8	39
American Express Co.	3	4	5	7	5	4	6	4	38
Dart & Kraft Inc.	–	–	2	2	2	6	8	17	37
Banc One Corp.	1	3	6	4	3	–	8	10	35
Centel Corp.	3	5	10	4	–	3	3	5	33
Allied Bancshares Corp.	6	5	10	4	7	–	–	–	32
Dun & Bradstreet Corp.	3	2	–	1	4	12	6	3	31
Alco Standard Corp.	2	2	9	–	6	4	2	3	28
McGraw Hill Inc.	5	1	–	3	2	7	3	7	28
American Hospital Supply Corp.	1	4	3	8	5	2	3	1	27
Gannett Co. Inc.	6	2	4	4	–	2	5	4	27
Minnesota Mining & Mfg. Co.	5	1	4	6	1	3	3	4	27
Ryder Systems Inc.	–	–	2	2	3	4	9	7	27
Allied Corp.	1	7	8	2	3	2	3	–	26
General Signal Corp.	2	5	4	1	6	2	3	3	26
Barnett Banks of Florida	2	3	2	4	4	4	2	5	26
MacMillan	–	–	–	2	3	7	5	8	25
Allegheny Beverage Corp.	–	1	–	–	6	15	3	–	25
Automatic Data Processing Inc.	4	4	6	1	3	1	5	–	24
Pengo Industries Inc.	4	7	13	–	–	–	–	–	24
Metromedia Inc.	1	2	2	9	8	–	1	1	24
Chase Manhattan Corp.	1	–	–	2	3	3	13	2	24
Continental Telecom Inc.	2	2	3	4	3	1	5	3	23
McKesson Corp.	2	1	4	2	–	6	5	3	23
Coca Cola Co.	1	1	–	3	–	3	8	7	23
Southwest Bancshares Corp.	3	2	10	4	3	–	–	–	22
Pillsbury Co.	2	–	1	1	2	2	7	7	22
Thomas Tilling Ltd.	6	7	6	2	–	–	–	–	21
Beverly Enterprises	1	3	4	2	4	3	3	1	21
Emhart Corp.	3	–	2	1	6	3	5	1	21
Beatrice Cos.	3	–	4	7	3	3	–	–	20
Doyle Dane Bernbach	4	4	1	1	6	–	4	–	20
First Union Corp.	–	1	2	1	3	–	6	7	20
Totals	95	108	166	123	133	143	171	142	1,081

Source: W.T. Grimm & Co.

Figure 20.

DIVESTITURES

Divestitures, sales of a product line, subsidiary or division, totalled 1,259 (see Figure 21) in 1986, the highest number recorded since the 1,331 divestments in 1974. It was an increase of only 3% over the 1985 figure of 1,218, which was 35% above 1984's figure of 900.

The total dollar value paid for divestitures surged 259% from $16.7 billion in 1981 to $60 billion in 1986 (see Figure 22), while the average purchase price increased 142% to $110.4 million from 1981's $45.6 million. Disenchantment with the conglomerate theory, changing economic conditions, a widespread fear of corporate raiders, and the surge in mega-mergers and leveraged buyouts have all played a significant role in stimulating divestiture activity during the 1980s. But, whatever the reasons for management decisions to sell off assets, today's divestitures have one underlying theme: the parts are worth more than the whole. Committed to maximizing return to shareholders, corporate managers are narrowing their business focus and, therefore, shedding unrelated and/or unprofitable assets.

Dissatisfaction with earlier diversification efforts and a recessionary economic climate were once again responsible for an increase in divestment activity in the last six years. The diverse holdings that were supposed to help companies balance gains and losses were of little value during the last recession (1981-1982), when the deepest downturn since the Great Depression undermined sales in virtually every market, taking a severe toll on corporate profits. Consequently, U.S. corporations reevaluated both the composition of their business mix and the profitability of individual units. Armed with a renewed emphasis on efficiency, tighter control and product quality, companies proceeded to divest slow-growing, cash-draining and unrelated business units and, in turn, to refocus on businesses they know best.

DIVESTITURES
1965—1986

Year	Number	Percent of all Transactions	Year	Number	Percent of all Transactions
1965	191	9%	1976	1,204	53%
1966	264	11%	1977	1,002	45%
1967	328	11%	1978	820	39%
1968	557	12%	1979	752	35%
1969	801	13%	1980	666	35%
1970	1,401	27%	1981	830	35%
1971	1,920	42%	1982	875	37%
1972	1,770	37%	1983	932	37%
1973	1,557	39%	1984	900	36%
1974	1,331	47%	1985	1,218	41%
1975	1,236	54%	1986	1,259	38%

Source: W. T. Grimm & Co.

Figure 21.

Historical Note

Divestitures as a percentage of all transactions accelerated in the aftermath of the conglomerate era of the late '60s and peaked in 1975-1976 as the recession of 1974-75 compelled many companies to raise capital by selling certain business segments.

DIVESTITURES
TOTAL DOLLAR VALUE PAID
1981—1986

	Total Dollar Value Paid (millions of dollars)	Base*	Transactions Valued At		Average Purchase Price
			$100MM or More	$1,000MM or More	
1981	$16,695.6	366	37	-	$45.6
1982	16,050.3	317	41	-	50.6
1983	24,173.9	376	53	2	64.3
1984	29,379.0	401	83	3	73.3
1985	45,825.6	525	120	6	87.3
1986	59,926.9	543	146	9	110.4

*Base: The number of transactions disclosing a purchase price.

Source: W. T. Grimm & Co.

Figure 22.

The frequency distribution of purchase prices paid for divestitures (see Figure 23) demonstrates the trend towards larger divestitures.

VALUE OF DIVESTITURES
1980—1986

	Number (Percent of Transactions Disclosing Price)						
Price Paid Value	1980	1981	1982	1983	1984	1985	1986
$ 5 million or less	73 (28%)	106 (29%)	82 (26%)	108 (29%)	69 (17%)	104 (20%)	76 (14%)
$ 5.1 - 10.0 million	56 (21%)	66 (18%)	60 (19%)	55 (15%)	54 (13%)	69 (13%)	60 (11%)
$10.1 - 15.0 million	24 (9%)	39 (11%)	32 (10%)	30 (8%)	32 (8%)	50 (10%)	45 (8%)
$15.1 - 25.0 million	23 (9%)	38 (10%)	30 (9%)	34 (9%)	47 (12%)	47 (9%)	74 (14%)
$25.1 - 50.0 million	36 (14%)	51 (14%)	37 (12%)	57 (15%)	65 (16%)	70 (13%)	76 (14%)
$50.1 - 99.9 million	22 (8%)	29 (8%)	35 (11%)	39 (10%)	51 (13%)	65 (12%)	66 (12%)
$100 million or more	30 (11%)	37 (10%)	41 (13%)	53 (14%)	83 (21%)	120 (23%)	146 (27%)
Base	264	366	317	376	401	525	543

Base: Number of transactions disclosing a price.

Source: W. T. Grimm & Co.

Figure 23.

Figure 24 lists 1986's most aggressive divestors, 27 companies that divested five or more units for a total of 165 divestitures.

AGGRESSIVE DIVESTERS

1986

Selling Parent Company	Number of Divestitures
Beatrice Cos.	10
RJR Nabisco	9
Armco	8
American Standard Inc.	8
TRW Inc.	8
Control Data Corp.	7
General Electric Corp.	7
SFN Cos. Inc.	7
Allegheny International Inc.	6
Burroughs Corp.	6
Colgate Palmolive Co.	6
W. R. Grace & Co.	6
Owens Corning Fiberglas	6
Tribune Co. (New)	6
Baxter Travenol Labs. Inc.	5
Bethlehem Steel	5
CBS Inc.	5
Ford Motor Co.	5
Hanson Trust PLC	5
International Mutlifoods	5
Internorth Inc.	5
Lear Seigler	5
Metromedia	5
Monsanto Co.	5
Times Mirror Co.	5
Union Carbide Corp.	5
Wickes Cos. Inc.	5

Source: W. T. Grimm & Co.

Figure 24.

The most aggressive divesters over an eight-year cumulative period are listed in Figure 25. They are companies which divested 15 or more units over the last eight years. The list contains 27 companies which together divested a total of 615 businesses, or 8% of all divestitures for the eight-year span.

AGGRESSIVE DIVESTERS
1979—1986

Selling Parent Company	Number of Divestitures								Eight-Year Total
	1979	1980	1981	1982	1983	1984	1985	1986	
Beatrice Cos.	6	1	7	3	9	12	10	10	58
ITT Corp.	4	8	6	2	2	5	7	4	38
General Electric Corp.	2	-	1	4	12	3	3	7	32
Allegheny International Inc.	2	2	1	7	4	2	6	6	30
Allied Corp.	5	2	3	5	8	5	2	-	30
Union Carbide Corp.	3	5	3	-	1	4	5	5	26
Armco Inc.	-	2	3	-	3	2	6	8	24
DuPont Co.	2	-	-	8	6	3	-	4	23
Sara Lee Corp.	4	3	2	-	3	1	8	2	23
Chromalloy American Corp.	3	2	-	3	7	2	5	1	23
CBS Inc.	1	3	-	2	2	-	9	5	22
Metromedia Inc.	2	2	2	5	2	2	2	5	22
Westinghouse Electric Corp.	1	-	3	4	4	5	2	3	22
Wickes Cos.	1	1	3	4	4	2	1	5	21
IC Industries Inc.	1	1	2	3	2	-	7	4	20
Control Data Corp.	1	-	-	-	3	1	7	7	19
Times Mirror Co.	-	2	2	1	1	2	5	5	18
Atlantic Richfield Co.	1	2	1	-	3	2	5	4	18
Litton Industries Inc.	-	-	1	-	3	5	8	1	18
Monsanto Co.	2	-	2	-	3	-	5	5	17
Textron Inc.	-	-	4	-	-	-	10	3	17
Ashland Oil Co.	2	1	3	1	2	2	6	-	17
Reichhold Chemicals Inc.	-	-	1	-	2	-	10	3	16
Xerox Corp.	-	-	2	-	4	1	6	3	16
Texaco Inc.	-	-	1	-	-	8	6	-	15
United Technologies Corp.	2	1	1	3	1	-	5	2	15
Sun Co.	-	2	5	3	2	2	-	1	15
Totals	45	40	59	58	93	71	146	103	615

Source: W. T. Grimm & Co.

Figure 25.

Divestiture totals for each of the 50 industry classifications are provided below.

DIVESTITURES
INDUSTRY CLASSIFICATIONS
1982—1986

	Number of Divestitures					Five-Year Cumulative
Selling Industry Category	**1982**	**1983**	**1984**	**1985**	**1986**	**Total**
Agricultural Production	2	7	10	6	5	30
Food Processing	27	27	29	36	46	165
Beverages	14	5	8	8	14	49
Apparel	9	6	6	10	10	41
Textiles	7	6	6	8	9	36
Timber & Forest Products	2	3	2	1	1	9
Paper	10	6	10	15	9	50
Packaging & Containers	10	20	16	15	15	76
Furniture	4	8	5	2	8	27
Building Products & Materials	16	11	10	14	15	66
Household Goods	16	14	17	15	17	79
Printing & Publishing	31	28	24	43	53	179
Chemicals, Paints & Coatings	29	37	43	53	51	213
Drugs, Medical Supplies & Equipment	24	20	19	42	58	163
Toiletries & Cosmetics	6	6	5	3	5	25
Plastics & Rubber	19	23	19	10	16	87
Stone, Clay & Glass	8	16	17	10	17	68
Primary Metal Processing	15	28	30	26	28	127
Fabricated Metal Products	17	35	25	31	35	143
Industrial & Farm Machinery & Equipment	62	55	47	65	50	279
Construction, Mining & Oil Field Equipment	8	8	7	5	14	42
Valves, Pumps & Hydraulics	5	12	7	16	11	51
Autos & Trucks	2	1	1	3	4	11
Automotive Products & Accessories	20	8	11	14	21	74
Electrical Equipment	28	31	22	29	27	137
Office Equipment & Computer Hardware	11	30	17	19	21	98
Electronics	24	24	18	23	31	120
Aerospace, Aircraft & Defense	8	7	4	11	10	40
Instruments & Photographic Equipment	19	27	25	33	36	140
Toys & Recreational Products	16	5	9	10	13	53
Miscellaneous Manufacturing	14	19	16	19	5	73
Oil & Gas	21	33	37	40	23	154
Mining & Minerals	15	9	6	11	7	48
Transportation	18	12	17	13	19	79
Communications	14	4	5	17	21	61
Broadcasting	32	44	59	75	86	296
Electrical, Gas, Water & Sanitary Services	3	14	3	8	7	35
Wholesale & Distribution	35	30	37	69	44	215
Retail	35	42	45	61	76	259
Banking & Finance	61	45	45	67	56	274
Insurance	29	25	32	39	45	170
Real Estate	6	8	5	12	9	40
Brokerage, Investment & Management Consulting Services	11	14	25	25	14	89
Computer Software, Supplies & Services	22	26	26	56	59	189
Construction Contractors & Engineering Services	11	9	9	12	13	54
Energy Services	4	8	6	10	5	33
Health Services	14	10	11	19	17	71
Leisure & Entertainment	20	15	15	29	38	117
Miscellaneous Services	40	51	30	59	62	242
Conglomerate	1	—	2	1	3	7
Total Divestitures	875	932	900	1,218	1,259	5,184

Source: W. T. Grimm & Co.

As shown in Figure 26, divestitures accounted for more than half of merger and acquisition activity in 15 of the 50 seller-based industry categories.

INDUSTRIES WITH MOST DIVESTITURES
1986

Seller Industry Classification	Total Transactions	Divestitures	Divestitures as a % of all Activity
Broadcasting	123	86	70%
Construction, Mining & Oil Field Machinery & Equipment	20	14	70%
Packaging & Containers	22	15	68%
Primary Metal Processing	45	28	62%
Chemicals, Paints & Coatings	90	51	57%
Energy Services	9	5	56%
Valves, Pumps & Hydraulics	20	11	55%
Beverages	26	14	54%
Paper	17	9	53%
Retail	147	76	52%
Automotive Products & Accessories	41	21	51%
Mining & Minerals	14	7	50%
Toiletries & Cosmetics	10	5	50%
Autos & Trucks	8	4	50%
Agricultural Production	10	5	50%

Source: W. T. Grimm & Co.

Figure 26.

The 146 divestitures valued at $100 million or more are listed in the 100-Million-Dollar Club beginning on page 13.

Minority Interest Purchases

When recording divestitures, the W. T. Grimm & Co. Research Department also includes the purchase of a minority interest in the shares outstanding of a company's common stock, i.e., the acquisition of 10-50% of the company's common shares outstanding. W. T. Grimm & Co. monitors only those minority equity purchases where the acquiring company agrees to buy a specified number of common shares outstanding *directly* from the selling company or where the acquiring company initiates a tender offer for a selected number of the target company's shares outstanding. Open market and third-party minority purchases are not included. Figure 27 provides the total number of minority interest purchases for the last seven years. The totals are divided among publicly traded selling companies, privately held selling companies, and foreign-based selling companies.

Minority Interest Purchases
1980 — 1986

	Public Sellers	Private Sellers	Foreign Sellers	Totals
1980	9	23	15	47
1981	26	23	14	63
1982	12	28	15	55
1983	6	28	15	49
1984	10	36	16	62
1985	26	39	17	82
1986	28	53	10	91

Source: W. T. Grimm & Co.

Figure 27.

Unit Management Buyouts*

Unit sales to management in 1986 rose to 144, up 9% from 132 unit management buyouts in 1985. The 144 buyouts are almost three times the 49 recorded in 1978, signifying the development of a major trend in merger and acquisition activity during the 1980s. As more corporations restructured their operations and sold off assets, more managers yielded to their entrepreneurial spirits and acquired their divisions. Realizing that the unit will be operated by experienced managers and that the division's customers will continue to be served, parent companies were not hesitant to sell to insiders, with some even willing to provide financing for the buyout.

UNIT MANAGEMENT BUYOUTS

Year	Divestitures	Management Buyouts	Percent of Total Divestitures
1978	820	49	6%
1979	752	59	8%
1980	666	47	7%
1981	830	83	10%
1982	875	115	13%
1983	932	139	15%
1984	900	122	14%
1985	1,218	132	11%
1986	1,259	144	11%

Source: W. T. Grimm & Co.

Figure 28.

The 1986 total dollar value paid for unit management buyouts increased 91% to $9.5 billion from 1985's $5 billion. As Figure 29 indicates, the average price increased 67% from $100.1 million to $167.4 million.

UNIT MANAGEMENT BUYOUTS
TOTAL DOLLAR VALUE PAID
1978—1986

Year	Management Buyouts	Number Disclosing Price	Tabulation of Prices (millions)	Average Price (millions)
1978	49	20	$ 75.2	$ 3.8
1979	59	14	46.7	3.3
1980	47	15	363.3	24.2
1981	83	30	484.1	16.1
1982	115	41	1,361.1	33.2
1983	139	51	2,499.4	49.0
1984	122	42	3,833.4	91.3
1985	132	50	5,005.4	100.1
1986	144	57	9,541.9	167.4

Source: W. T. Grimm & Co.

Figure 29.

**The W. T. Grimm & Co. Research Department began monitoring unit management buyouts in 1978. The statistics discussed here represent only those instances where it has been publicly announced that an executive of the parent company or members of the division's management were included among the purchasing group. Therefore, any trend depicted here is understated.*

TWENTY LARGEST UNIT MANAGEMENT BUYOUTS
Completed/Pending
1986

	Selling Parent Company	Unit Sold to Management Group [business and/or product line]	Purchase Price *(millions)*
1.	Exxon Corp.	**Reliance Electric Co.** [electric motors and communications equipment]	$1,350.0
2.	Beatrice Cos.	**International Playtex Inc.** [garments, hosiery, personal care products]	1,250.0
3.	Union Carbide Corp.	**Home & Auto Products Div.** [Prestone antifreeze, Glad plastic bags]	800.0
4.	Rockefeller Group Inc.	**Outlet Communications Co.** [radio & television stations]	625.0
5.	Burroughs Corp.	**Memorex Assets** [equipment sales & service unit]	550.0
6.	Congoleum Ind. Inc.	**Bath Iron Works** [Navy shipbuilder, ship repair]	500.0
7.	Forstmann Little & Co.	**Dr. Pepper Co.** [soft drink]	416.0
8.	W.R. Grace & Co.	**Retail Div.** [460 retail outlets]	300.0
9.	Metromedia Inc.	**Broadcasting assets** [radio stations & Texas network]	285.0
10.	Beatrice Cos.	**Avis Inc.** [nation's 2nd largest car rental agency]	250.0
10.	W.R. Grace & Co.	**Channel Home Centers** [home improvement centers]	250.0
12.	Phillip Morris Cos. Inc.	**Certain assets** [7-Up Cos. domestic business]	240.0
13.	Transamerica Corp.	**Budget Rent-A-Car Corp.** [auto rental]	205.0
14.	IU International Corp.	**C. Brewer & Co.** [sugar, molasses, coffee, trucking, insurance]	200.0
15.	Sun Inc.	**Sun Carriers Inc.** [trucking operations]	180.0
16.	Bethlehem Steel Corp.	**Kusan Inc.** [oil equipment, building products]	163.0
17.	LTV Corp.	**LTV Specialty Products Corp.** [stainless steel, strip steel]	160.0
18.	SFN Cos. Inc.	**Certain Assets** [TV and radio stations]	155.0
19.	ITT Corp.	**Scott & Burpee Units** [lawn & garden products]	150.0
20.	Times Mirror Co.	**Graphic Controls Co.** [recording charts, marketing systems]	146.0

Source: W. T. Grimm & Co.

Figure 30.

TENDER OFFERS*

There were 150 tender offers for publicly traded companies in 1986, compared with 84 in 1985. Contested tender offers in 1986 totalled 40 (26% of all tender offers), the highest hostile tender count ever recorded by W.T. Grimm & Co., which began monitoring tender offers in 1974. There were 32 contested offers accounting for 38% of all tender offers in 1985. The movement toward hostile bids has been enhanced by the widespread availability of financing, particularly higher yielding junk bonds, and the increasing respectability of hostile suitors. With loyal shareholder bases a thing of the past, hostile bidders have no difficulty in attracting the attention of a target company's stockholders, most of whom are institutional investors who are obliged to seek the highest return for their investments.

Figure 31 provides a 13-year statistical summary of tender offer activity, consisting of the number of tender offer attempts, cancellations, and completed/pending tenders, both uncontested and contested. A contested offer is classified as one where the suitor's initial offer was met with rejection by the target company.

Historical Note

Hostile raids as an established acquisition strategy originated in 1974 when Morgan Stanley & Co. represented International Nickel Co. of Canada in its hostile and successful offer for ESB, Inc. The fact that Morgan Stanley, a reputable investment banking firm, was engaged in such an action rendered the hostile takeover an acceptable practice. The prevalence of takeover battles resulted in a specialized industry consisting of investment bankers, attorneys, proxy solicitors and public relations professionals, all of whom were offering expertise on offensive and defensive tactics.

**W.T. Grimm & Co. utilizes the formal definition of tender offer which is an acquisition technique governed by the Securities & Exchange Commission as dictated by the "Williams Act." The acquirer/suitor files its offer with the SEC, which requires the offer to be open for a minimum of 20 days. The offer to purchase a specified number of shares outstanding of the target company is made directly to the shareholders, who have a minimum of 20 days to tender their shares. W. T. Grimm & Co. records tender offers seeking 10% or more of a target company's shares outstanding. Self tender offers are not monitored.*

TENDER OFFERS FOR PUBLICLY TRADED TARGET COMPANIES
1974—1986

		Attempts	Cancellations	Successful	Success Rate
1974 -	Uncontested	64 (84%)	13	51	80%
	Contested	12 (16%)	4	8	67%
	Total	76	17	59	78%
1975 -	Uncontested	38 (66%)	9	29	76%
	Contested	20 (34%)	6	14	70%
	Total	58	15	43	74%
1976 -	Uncontested	52 (74%)	9	43	83%
	Contested	18 (26%)	14	4	22%
	Total	70	23	47	67%
1977 -	Uncontested	59 (86%)	5	54	92%
	Contested	10 (14%)	8	2	20%
	Total	69	13	56	81%
1978 -	Uncontested	63 (70%)	4	59	94%
	Contested	27 (30%)	14	13	48%
	Total	90	18	72	80%
1979 -	Uncontested	80 (75%)	10	70	88%
	Contested	26 (25%)	18	8	31%
	Total	106	28	78	74%
1980 -	Uncontested	41 (77%)	5	36	88%
	Contested	12 (23%)	9	3	25%
	Total	53	14	39	74%
1981 -	Uncontested	47 (63%)	1	46	98%
	Contested	28 (37%)	15	13	46%
	Total	75	16	59	79%
1982 -	Uncontested	39 (57%)	5	34	87%
	Contested	29 (43%)	12	17	59%
	Total	68	17	51	75%
1983 -	Uncontested	26 (70%)	1	25	96%
	Contested	11 (30%)	4	7	64%
	Total	37	5	32	86%
1984 -	Uncontested	61 (77%)	8	53	87%
	Contested	18 (23%)	8	10	56%
	Total	79	16	63	80%
1985 -	Uncontested	52 (62%)	3	49	94%
	Contested	32 (38%)	18	14	44%
	Total	84	21	63	75%
1986 -	Uncontested	110 (74%)	8	102	93%
	Contested	40 (26%)	25	15	38%
	Total	150	33	117	78%
Thirteen Year Cumulative					
	Uncontested	732 (72%)	81	651	89%
	Contested	283 (28%)	155	128	45%
	Total	1,015	236	779	77%

***Source:* W. T. Grimm & Co.**

(Tender offers tracked since 1974.)

Figure 31.

1986 saw a marked increase in the use of an established takeover defense tactic — the pursuit of a white knight. (A white knight is a corporate suitor that the target company feels is more compatible with its own business philosophy and corporate objectives, i.e., a friendly acquirer.) Figure 32 shows that out of the 25 contested tender offers in 1986 where the original offer was cancelled, 15 (60%) of the 25 targets were acquired by white knights while 10 remained independent. The 15 targets acquired by white knights with purchase prices totalling $14.3 billion are listed on page 81. The 10 targets remaining independent are listed on page 82.

The hostile suitor was successful in acquiring 15 of the 40 targets who contested. As shown in Figure 33, the hostile suitor raised the initial bid per share an average of 9% in 10 of the 15 successful contested tender offers. The 15 successful contested tender offers, with purchase prices totalling $7.6 billion, are listed on page 80.

UNSUCCESSFUL CONTESTED OFFERS
Fate of Target Company
1976—1986

	Unsuccessful Contested Offers	Target Remained Independent	Target Acquired by White Knight	Average % White Knight Paid Over Initial Contested Offer
1976	14	6	8	25%
1977	8	3	5	31%
1978	14	8	6	21%
1979	18	9	9	24%
1980	9	3	6	33%
1981	15	6	9	33%
1982	12	10	2	11%
1983	4	1	3	18%
1984	8	6	2	9%
1985	18	9	9	24%
1986	25	10	15	24%

Source: W. T. Grimm & Co.

Figure 32.

CONTESTED & SWEETENED OFFERS
1976-1986

	Number of Successful* Contested Offers	Number Offers Where Hostile Suitor Raised Initial Bid	Average % Raised
1976	4	1	38%
1977	2	1	100%
1978	13	11	10%
1979	8	5	8%
1980	3	2	22%
1981	13	6	17%
1982	17	7	16%
1983	7	4	16%
1984	10	8	9%
1985	14	9	12%
1986	15	10	9%

*The term successful refers to both fully and partially successful offers, i.e. some shares are tendered and the suitor does not cancel his offer.

Source: W. T. Grimm & Co.

Figure 33.

CONTESTED TENDER OFFERS

1986

I. Successful Contested Offers

Hostile Suitor	Target Company	Purchase Price (millions of dollars)
Burroughs Corp.	Sperry Corp.	$4,394.2
A B Electrolux	White Consolidated Ind. Inc.	742.7
Citicorp	Quotron Systems Inc.	657.6*
Marriott Corp.	Saga Corp.	499.9
N.V. Homes L.P.	Ryan Homes Inc.	334.1
Private Group	Mayflower Group Inc.	242.9
Private Group	Ponderosa Inc.	230.9
Burlington Ind. Inc.	C.H. Masland & Sons	115.9*
Revlon Group Inc.	Frigitronics Inc.	111.4*
Private Group	N.L. Inc. Inc.	95.6*
Mark IV Industries Inc.	Gulton Ind. Inc.	94.4
Harvard Industries Inc.	Hayes-Albion Corp.	49.7
TransTechnology Corp.	Lundy Electronics & Systems Inc.	18.9
Fleet Aerospace Corp.	Aeronca Inc.	18.3
Global Natural Resources Inc.	Cambridge Royalty Co.	7.2*

*Suitors did not increase offer.

Source: W. T. Grimm & Co.

II. Unsuccessful Contested Offers
White Knights to the Rescue

Hostile Suitor	Target Company	Hostile Suitor's Offer (millions)	White Knight	White Knight's Offer (millions)
Dart Group Corp.	Safeway Stores Inc.	$3,664.4	Kohlberg Kravis Roberts & Co.	$4,198.4
American Brands Inc.	Chesebrough-Ponds Inc.	2,815.5	Unilever N.V.	3,092.8
Wickes Cos. Inc.	National Gypsum Co.	1,461.3	Management Group	1,542.6*
Loral Corp.	Sanders Associates Inc.	979.1	Lockheed Corp.	1,174.9
Paul Bilzerian	Hammermill Paper Co.	697.8	International Paper Co.	1,077.2
Asher Edelman	Fruehauf Corp.	866.2	Management Group	721.5**
Bear, Stearns & Co.	Anderson Clayton & Co.	643.6	Quaker Oats Co.	803.9
Pullman-Peabody Co.	Joy Manufacturing Co.	577.9	Adler & Shaykin	621.0
MacFadden Holdings Inc.	John Blair & Co.	264.9	Reliance Capital Group	275.1
Laidlaw Transportation Ltd.	Mayflower Group Inc.	225.0	Management Group	242.9
Dominion Textile Inc.	Avondale Mills	103.7	Walton Monroe Mills	112.4
Northeast Savings F.A.	Westchester Financial Services Corp.	73.6	Marine Midland Banks Inc.	102.0
John Beal & Co.	T-Bar Inc.	40.7	Data Switch Corp.	40.7
First Financial Management Corp.	First Data Management Co. Inc.	30.8	Management Group	36.2
Delta Airlines Inc.	Jet America Airlines Inc.	18.6	Alaska Air Group Inc.	19.7

*Management announced its offer 11/26/85. $1,542.6 was price offered 4/21/86 in response to Wickes' offer.

**Management Group made tender offer for 76% of Fruehauf stock. Edelman owned 2.1 million shares of Fruehauf, which Management Group bought at $49 per share. Had they offered $49.50 per share for all shares outstanding, the deal would have been worth $947.5 million.

Source: W. T. Grimm & Co.

III. Unsuccessful Contested Offers
Target Remained Independent

Hostile Suitor	Target Company	Offer's Value (millions of dollars)
Revlon Group Inc.	Gillette Co.	$4,121.8
Campeau Corp.	Allied Stores Corp.	3,470.0*
Wickes Cos.	Owens Corning Fiberglass Corp.	2,212.6
E. J. DeBartolo	Carter Hawley Hale Stores Inc.	1,183.9
Gulf Resources & Chemical Corp.	Imperial Continental Gas Assoc.	962.3
Berry Acquisition Co.	Strawbridge & Clothier	249.6
Great Western Financial Corp.	Citadel Holding Corp.	134.5
Sensormatic Electronics Corp.	Vicon Ind. Inc.	17.6
Point-4-Data Corp.	Alpha Microsystems	9.5
Ropak Corp.	Buckhorn Inc.	7.4

*What started out as a tender offer from Campeau Corp., Canadian real estate developers, to acquire Allied Stores ended up as a controversial move by Campeau to force Allied to agree to atakeover. Campeau called off its final formal tender offer, which had been rejected by Allied, and 30 minutes later bought slightly over 50% of Allied through Jefferies & Co., an L.A. stock brokerage company. Jefferies apparently acted on its own in picking up the controlling block of stock on the open market. Campeau was further helped by an investment banking firm, First Boston, who put up a fast bridge loan of $1.8 billion in cash that enabled Campeau to swing the deal.

Source: W. T. Grimm & Co.

ACQUISITIONS OF PUBLICLY TRADED COMPANIES

Completed or pending acquisitions of publicly traded companies in 1986 totalled 386, up 15% from 336 in 1985. Public takeovers with price tags of $100 million or more rose to 150 from 134, while those valued at $1 billion or more decreased to 18 from 28 in 1985.

ACQUISITIONS OF PUBLICLY TRADED COMPANIES**

1974—1986

		Transactions Valued at			
Year	Total Transactions	$100MM or More	$1,000MM or More	Total Dollar Value Paid (millions of dollars)	Base*
1974	68	#	—	#	
1975	130	#	1	#	
1976	163	#	—	#	
1977	193	#	—	#	
1978	260	61	1	#	
1979	248	57	2	#	
1980	173	54	3	#	
1981	168	62	10	$ 56,569.4	156
1982	180	65	6	31,501.8	176
1983	190	73	8	39,471.4	181
1984	211	95	15	82,731.0	204
1985	336	134	28	116,675.5	321
1986	386	150	18	89,866.2	352

#Data not collected that year.

*Base: The number of transactions disclosing a purchase price.

**Purchase of a controlling interest.

Source: W. T. Grimm & Co.

Figure 34.

Historical Note

There was a noticeable increase in the number of acquisitions in the 1974-1978 period, with public takeovers rising from 68 in 1974 to a peak of 260 in 1978. Companies in the 1970s were confronted with rising inflation, higher capital costs, lower valuation of assets by the marketplace, declining growth rates, and increasing doubts about the exact direction of the U.S. economy. As a result, management priorities were to lessen risks, strengthen earnings, and improve cash flow. Acquisition strategies became primary tools for achieving these objectives. With the depressed level of equity prices, purchasing existing undervalued assets rather than building anew at inflated replacement costs clearly made acquisitions the more attractive strategy.

This growth in public takeovers is closely related to three other trends of the 1970s previously identified: the increase in sizable acquisitions, the increase in tender offers, and the prevalence of cash as a payment medium. Because publicly traded companies tend to be larger than privately held firms, the growth in public takeovers paralleled the increase in larger-sized transactions, resulting in higher dollar totals. Due to the generally distant relationship between managers and stockholders in public companies, there were more tender offers aimed directly at shareholders. Unlike the owners of privately held companies who are burdened with estate taxes, shareholders of public corporations are not as preoccupied with questions of tax liability. Therefore, payment for acquisitions of public companies was usually in the form of cash. During periods characterized by bear stock markets, cash payments were further utilized.

Figure 35 provides the annual price-paid distribution of public takeovers since 1979. Note that the 1986 increase in public takeover activity occurred among transactions in all categories of $10 million or more. Much of the 1985 increase occurred among transactions with price tags of $25 million or less as shown in Figure 36.

ACQUISITIONS OF PUBLICLY TRADED COMPANIES
DOLLAR VALUE
1979—1986

	Number (Percent of Transactions Disclosing Price)							
Price Paid Value	**1979**	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**
$10 million or less	47-(20%)	23-(14%)	20-(13%)	22-(12%)	16-(9%)	14-(7%)	58-(18%)	42-(12%)
$10.1-25.0 million	57-(23%)	40-(23%)	28-(18%)	25-(14%)	22-(12%)	26-(13%)	46-(14%)	51-(15%)
$25.1-50.0 million	40-(17%)	30-(17%)	22-(14%)	31-(18%)	40-(22%)	36-(17%)	43-(13%)	54-(15%)
$50.1-99.9 million	38-(16%)	23-(14%)	24-(15%)	33-(19%)	30-(17%)	32-(16%)	41-(13%)	56-(16%)
$100 million or more	57-(24%)	54-(32%)	62-(40%)	65-(37%)	73-(40%)	96-(47%)	133-(42%)	150-(42%)
Base*	239	170	156	176	181	204	321	353

*Base: The number of transactions disclosing a purchase price.

Source: W. T. Grimm & Co.

Figure 35.

Payment trends for the last eight years show *identical figures* for 1985 and 1986 in the Cash, Stock and Combination figures — a remarkable coincidence.

ACQUISITIONS OF PUBLICLY TRADED COMPANIES
MEDIUM OF PAYMENT
1979—1986

	1979	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**
Cash	160—(67%)	94—(55%)	89—(56%)	98—(55%)	94—(51%)	134—(65%)	182—(57%)	182—(57%)
Stock	34—(14%)	44—(25%)	38—(24%)	34—(19%)	52—(28%)	34—(16%)	78—(25%)	78—(25%)
Combination	45—(19%)	31—(18%)	31—(19%)	44—(25%)	37—(20%)	35—(17%)	56—(18%)	56—(18%)
Debt	1—(—)	3—(2%)	2—(1%)	1—(1%)	1—(1%)	4—(2%)	1—(—)	——(—)
Base*	240	172	160	177	184	207	317	316

*Base: The number of transactions disclosing method of payment.

Source: W. T. Grimm & Co.

Figure 36.

Going Private/Leveraged Buyouts

The term going private refers to an acquisition of a publicly traded company by a private investment group or an individual, i.e. the buyer is not an operating business. The W. T. Grimm & Co. Research Department began tracking such transactions in 1979. The following statistics show an ever-increasing trend toward going private transactions from 1980 to 1985 and a levelling off in 1986.

GOING PRIVATE
1979—1986

Year	Total Public Takeovers	Going Private	Percent of Public Takeovers
1979	248	16	6.4%
1980	173	13	7.5%
1981	168	17	10.1%
1982	180	31	17.2%
1983	190	36	19.0%
1984	211	57	27.0%
1985	336	76	22.6%
1986	386	76	19.7%

Source: W. T. Grimm & Co.

Figure 37.

Reasons for taking a company private vary. A number of companies are attracted to the various advantages in going private, which include the elimination of additional expenses associated with publicly traded companies such as shareholder documents, shareholder meetings, shareholder dividends, and complying with numerous SEC filing requirements. Most important, the removal of quarterly earnings reports enables management to operate the business in its best long-term interests instead of opting for short-term strategies which boost the price of the stock. In view of the increase in hostile takeovers and raider/greenmail tactics, going private transactions are also increasingly utilized by target companies as the ultimate defensive move. For example, having been the target of a hostile offer by Dart Group, Safeway Stores' management turned to the investment firm of Kohlberg Kravis Roberts & Co. to play the role of white knight and take them private for $4.2 billion.

The major motivating force behind going private transactions has been the enormous popularity of the leveraged buyout. Like the majority of unit management buyouts, most, if not all, of the going private transactions are also leveraged buyouts, i.e., transactions where the buyers put up only a small part of the purchase price and borrow the rest. The buying group or equity participants almost always consists of the company's management along with a variety of other investors that can include insurance companies, pension funds, and the specialized buyout concerns that arrange the deal.

The availability of investors has been instrumental in stimulating the unit management buyout/going private/ leveraged buyout trend. The potential equity participants are, naturally, attracted to the idea of investing in an existing business with a proven track record, rather than incurring more risk with new business start-ups. More important, investors have been lured by high rates of return. Leveraged deals, if successful, can become quite profitable, yielding investment returns as high as 15 to one. The company going private or the unit being divested must generate enough cash flow to service the debt and at the same time provide operating funds. The company must have a low debt-to-equity ratio and a secure position in its market with stable earnings and low capital expenditures. The low debt allows the buyers to incur large new borrowings to cover the purchase price. Stable earnings insure a solid cash flow while low capital expenditures free up cash flow for debt service. The company can also write up its assets' value to reflect the purchase price, making it possible to charge more depreciation. This tax advantage shelters the earnings which results in an even higher cash flow. Because the company is highly leveraged, managers also have a greater incentive to increase productivity and cost efficiency in order to maximize cash flow. As the cash flow increases, the debt is quickly paid down and the equity position rises dramatically.

Of the 76 going-private deals in 1986, 29 were valued at $100 million or more, including four with price tags of over one billion dollars. As shown in Figure 38, the total dollar value paid for going-private deals dropped from $24.1 billion in 1985 to $20.2 billion in 1986, resulting in a drop in the average purchase price paid to $281.0 from $317.6 million in 1985.

Figure 39 shows the price/earnings ratio paid and premium paid over market price for going-private transactions.

The 20 largest going-private deals since 1979 are listed in Figure 40. Note that 15 of the 20 deals occurred in the last two years.

GOING PRIVATE
AGGREGATE DOLLARS PAID
1979—1986

		Number of Transactions Valued at			
Year	**Total Dollar Value Paid (millions)**	**100MM or More**	**$1,000MM or More**	**Average Purchase Price (millions)**	**Median Purchase Price (millions)**
1979	$ 636.0	1	—	$ 39.8	$ 7.9
1980	967.4	3	—	74.4	25.3
1981	2,338.5	4	—	137.6	41.1
1982	2,836.7	11	—	91.5	29.6
1983	7,145.4	14	1	198.5	77.8
1984	10,805.9	26	—	415.6	66.9
1985	24,139.8	28	6	317.6	72.6
1986	20,232.4	29	4	281.0	84.5

Source: W. T. Grimm & Co.

Figure 38.

GOING PRIVATE
VALUATION OF TRANSACTIONS
1979—1986

	Price/Earnings Ratio Paid		Premium Paid Over Market Price	
Year	**Average**	**Median**	**Average**	**Median**
1979	10.0X	8.1X	106.4%	65.6%
1980	10.9	10.7	49.2	36.2
1981	11.5	9.7	31.3	26.7
1982	11.2	11.0	41.4	38.6
1983	18.6	13.8	36.7	31.3
1984	14.2	12.6	36.3	33.7
1985	17.2	14.7	30.9	25.7
1986	21.0	17.4	31.9	26.1

Source: W. T. Grimm & Co.

Figure 39.

GOING PRIVATE
TWENTY LARGEST DEALS
1979—1986

Year Announced	Company Name [business and/or product line]	Approximate Purchase Price (millions)	Average P/E Paid	Average Premium Paid Over Market
1985	**Beatrice Cos.** [food prdts., dairy beverages, grocery & consumer prdts.]	$ 5,361.6	10.7X	14.9%
1986	**Safeway Stores Inc.** [nation's largest supermarket chain]	4,198.4	18.4	43.8
1986	**Owens-Illinois Inc.** [packaging, financial services, nursing homes]	3,631.9	19.6	36.0
1985	**R.H. Macy & Co.** [dept. store chain]	3,484.7	18.4	54.5
1986	**Viacom International Inc.** [cable TV, distributes TV programs] Price increased to $1,819.8 million in February 1987.	1,613.8	—	28.0
1985	**Storer Communications, Inc.** [TV/radio stations, cable TV]	1,569.3	—	29.8
1983	**Metromedia, Inc.** [radio & TV broadcaster]	1,467.9	44.5	140.0
1985	**National Gypsum Co.** [building materials & prdts.] Price was increased to $2,059.1 million in April 1987.	1,327.0	11.1	50.2
1986	**Revco D.S., Inc.** [drugstore chain]	1,227.2	47.7	21.6
1985	**Jack Eckerd Corp.** [chain of drugstores]	1,181.7	—	10.0
1985	**Levi Strauss & Co.** [blue jeans & other apparel]	1,108.2	26.9	42.3
1985	**Northwest Industries, Inc.** [ind'l., consumer & chemical prdts.]	994.6	19.6	8.5% below market
1986	**Public Service Co. of Indiana** [electric utility] cancelled in 1987	915.5	11.3	8.3
1984	**ARA Services, Inc.** [food & transportation services, child care services, nursing homes]	873.2	14.4	56.4
1983	**Wometco Enterprises, Inc.** [broadcasting, bottling, vending]	810.0	29.6	16.6
1985	**Uniroyal, Inc.** [tires, specialty chemicals, plastic materials]	747.3	22.0	45.5
1986	**Fruehauf Corp.** [trucks, trailers, cargo containers]	721.5	17.0	6.5
1981	**Twentieth Century-Fox Film Corp.** [motion picture producer]	683.4	12.3	11.6
1984	**Denny's, Inc.** [restaurants]	663.7	14.8	22.9
1986	**Amsted Industries, Inc.** [railroad, construction & industrial products]	661.1	25.5	42.9
	Totals & Averages	$ 33,242.0	21.4X	33.7%

A P/E was not computed for Storer Communications and Jack Eckerd since both firms experienced earnings losses, while a P/E for Viacom would have been irrelevant since the firm reported trailing twelve months' earnings of $0.27 a share, at the time the deal was announced, and was offered $49.25 a share.

P/Es were computed on the companies' trailing twelve months' earnings available at the time of the announcement. Premiums over market were based on the companies' closing stock price five days prior to the initial announcement.

Source: W. T. Grimm & Co.

Figure 40.

PERCENT PREMIUM PAID OVER MARKET PRICE*
1968—1986

The 1986 average premium paid over market price, calculated on 333 acquisitions of publicly traded companies, held relatively steady at 38.2%, compared with 37.1% (based on 331 transactions) in 1985.

PERCENT PREMIUM PAID OVER MARKET PRICE

DJIA High	DJIA Low	Year	Average	Median	Base*
985.21	825.13	1968	25.1	na	271
968.85	769.93	1969	25.7	na	191
842.00	631.16	1970	33.4	na	80
950.82	797.97	1971	33.1	na	74
1036.27	889.15	1972	33.8	na	93
1051.70	788.31	1973	44.5	na	145
891.66	577.60	1974	50.1	43.1	147
881.81	632.04	1975	41.4	30.1	129
1014.79	858.71	1976	40.4	31.1	168
999.75	800.85	1977	40.9	36.2	218
907.74	742.12	1978	46.2	41.5	240
897.61	796.67	1979	49.9	47.6	229
1000.17	759.13	1980	49.9	44.6	169
1024.05	824.01	1981	48.0	41.9	166
1070.55	776.92	1982	47.4	43.5	176
1287.20	1027.04	1983	37.7	34.0	168
1286.64	1086.57	1984	37.9	34.4	199
1553.10	1184.96	1985	37.1	27.7	331
1955.60	1502.30	1986	38.2	29.9	333

*Base: The number of transactions where a premium over market was paid. Premiums can only be calculated on acquisitions of publicly traded companies.

Source: W. T. Grimm & Co.

Figure 41.

Historical Note

During the conglomerate merger wave of the '60s, the average premium paid over market ranged between 13% and 25%. The depressed stock market conditions of the 1970s were accompanied by substantial increases in the average premium paid. The highest average premium, 50.1% occurred in 1974 when the stock market reached 577.60, its lowest level in a decade. While looking at Figure 41, note the higher premiums during periods of relatively poor stock performance: 44.5% in 1973 when the stock market began its descent which ended in 1974; 46.2% in 1978 when the Dow Jones Industrial Average tumbled to 742.12, a three-year low; and 49.9% in 1979 when the DJIA could not even advance above the 900 level. During periods of relatively weaker stock market conditions, investors tend to regard their depressed stockholdings as only temporarily undervalued. Therefore, higher premiums are offered to induce the investors to sell their shares.

**Premium paid tabulations are based on the seller's closing market price five business days prior to the initial announcement. Prior to 1979, tabulations were based on two business days.*

The annual distribution of premiums paid for the last twelve years is charted in Figure 42. Notice the years in which the average premium paid was 45% or more over market: 50.1% in 1974, 46.2% in 1978, 49.9% in 1979 and 1980, 48.0% in 1981, and 47.4% in 1982. In each of these years, there were more than 30 transactions with premiums of over 80%.

DISTRIBUTION OF PREMIUMS PAID
1975—1986

Percent Premium Paid Over Market		Number of Transactions					
		1975	1976	1977	1978	1979	1980
0.0-20.0		36	45	58	47	41	30
20.1-40.0		38	56	62	69	54	45
40.1-60.0		21	24	50	56	54	34
60.1-80.0		17	21	20	34	37	27
80.1-99.9		6	9	12	10	24	16
Over 99.9		11	13	16	24	19	17
	Base*	129	168	218	240	229	169
		1981	1982	1983	1984	1985	1986
0.0-20.0		35	34	45	52	125	112
20.1-40.0		45	46	56	66	106	110
40.1-60.0		32	44	42	49	54	60
60.1-80.0		22	22	11	19	17	22
80.1-99.9		12	15	6	9	14	10
Over-99.9		20	15	8	4	15	19
	Base*	166	176	168	199	331	333

*Base: Number of transactions where a premium over market was paid.

Source: W. T. Grimm & Co.

Figure 42.

Figure 43 compares the average percent premium paid for a controlling interest with that for a minority interest. W. T. Grimm & Co. uses the term minority interest to signify purchases of 10 to 50% of a company's shares outstanding, while controlling interest refers to acquisitions of 50.1% or more. The difference in premiums between a controlling interest and minority interest reflects the distinction between simply purchasing a minority liquid investment and acquiring the right to dictate the future operations of a company.

The average premium paid for a minority interest was 27.2%, down from 34.2% in 1985. Since W. T. Grimm & Co. monitors negotiated transfers of ownership or tender offers, not open market purchases, most of the minority interest acquisitions are cases where the seller needs additional capital and is therefore willing to exchange an equity interest for cash. The seller needs cash to either (1) finance expansion plans and/or new product development, or (2) to strengthen deteriorating balance sheets.

PERCENT PREMIUM PAID
CONTROLLING VS. MINORITY
1981—1986

	1981	(Base*)	1982	(Base*)	1983	(Base*)	1984	(Base*)	1985	(Base*)	1986	(Base*)
Average Paid for a Controlling Interest	50.5	(145)	48.5	(165)	37.8	(160)	39.0	(191)	37.3	(310)	39.1	(308)
Average Paid for a Minority Interest	31.1	(21)	29.6	(11)	35.9	(8)	16.8	(8)	34.2	(21)	27.2	(25)

*Base: Number of transactions where a premium over market was paid.

Source: W. T. Grimm & Co.

Figure 43.

A comparison of the premiums paid with respect to the dollar value of the transaction and the method of payment is displayed in Figure 44.

PERCENT MEDIAN PREMIUM PAID
1981—1986

I. COMPARISON BY DOLLAR VALUE

Value of Purchase Price	1981	(Base*)	1982	(Base*)	1983	(Base*)	1984	(Base*)	1985	(Base*)	1986	(Base*)
$25 million or less	38.0	(50)	43.8	(50)	25.1	(32)	30.7	(37)	22.8	(117)	27.3	(82)
$25.1—50.0 million	47.5	(28)	45.7	(31)	35.4	(39)	32.0	(36)	28.3	(46)	27.9	(56)
$50.1—99.9 million	34.6	(27)	41.1	(33)	21.1	(30)	37.2	(36)	30.1	(42)	30.1	(54)
$100 million or more	49.1	(61)	43.6	(62)	39.5	(67)	36.2	(90)	29.6	(126)	32.2	(141)

*Base: Number of transactions where a premium over market was paid.

II. COMPARISON BY METHOD OF PAYMENT

	1981	(Base*)	1982	(Base*)	1983	(Base*)	1984	(Base*)	1985	(Base*)	1986	(Base*)
Cash	38.0	(102)	36.6	(106)	34.8	(94)	31.9	(138)	27.0	(194)	29.2	(161)
Stock	47.1	(31)	47.9	(29)	33.4	(34)	44.4	(23)	32.5	(64)	36.2	(67)
Combination	56.0	(30)	55.0	(40)	35.0	(36)	42.1	(32)	31.9	(55)	30.1	(45)

*Base: Number of transactions where a premium over market was paid and payment method disclosed.

Source: W. T. Grimm & Co.

Figure 44.

Figure 45 compares the median premium paid between lower priced stocks and higher priced stocks. Lower priced stocks tend to get higher premiums because the selling shareholders do not realize as great a profit as do shareholders of higher priced stocks with even lower premiums. For example, a $10 stock price at a 40% premium is only $4, while a $51 stock price at a 20% premium is $10.20. In addition, lower priced stocks, particularly those under $10, tend to be thinly traded and less liquid, resulting in companies that are more closely held. Because ownership is more concentrated, acquirers must offer higher premiums to gain control.

PERCENT MEDIAN PREMIUM PAID LOW-PRICED STOCKS VS. HIGH-PRICED STOCKS

1982—1986

Seller's Market Price Five Days Prior to Announcement	Median Premium Paid									
	1982	(Base*)	1983	(Base*)	1984	(Base*)	1985	(Base*)	1986	(Base*)
$10.00 & under	64.2	(53)	41.8	(28)	40.0	(50)	27.4	(125)	35.5	(114)
$10.125-25.00	38.1	(86)	32.6	(79)	35.2	(87)	29.4	(121)	27.9	(125)
$25.125-50.00	30.8	(31)	35.0	(51)	30.6	(54)	25.8	(65)	27.8	(81)
Over $50.00	30.1	(6)	20.0	(10)	20.0	(8)	26.1	(20)	30.1	(13)

*Base: Number of transactions where a premium over market was paid.

Source: W. T. Grimm & Co.

Figure 45.

A comparison of the median premiums paid with respect to the seller's price/earnings ratio is provided in Figure 46.

PERCENT MEDIAN PREMIUM PAID WITH RESPECT TO SELLER'S P/E

1983—1986

Seller's P/E Ratio Five Days Prior to Announcement	Percent Median Premium Paid [Base*]			
	1983	1984	1985	1986
1.0 - 5.0X	80.0 [5]	50.1 [6]	80.0 [18]	100.0 [1]
5.1 - 8.0	42.1 [17]	37.8 [29]	32.0 [36]	13.3 [4]
8.1 - 10.0	35.4 [22]	35.6 [28]	28.2 [45]	26.7 [12]
10.1 - 12.0	25.1 [16]	31.6 [21]	27.3 [41]	16.6 [15]
12.1 - 15.0	30.1 [18]	33.8 [33]	24.2 [45]	17.4 [28]
Over 15.0	30.1 [61]	28.1 [50]	23.3 [68]	31.9 [180]**

In 1983, 29 companies were operating at a deficit when acquired and the median premium paid was 53.7%, while the 32 deficit operating companies in 1984 had a median premium paid of 42.6%. In 1985, 78 companies operating at a deficit had a median premium paid of 28.8%. And in 1986, 82 companies operating at a deficit had a median premium paid of 34.8%

*Base: Number of transactions where a premium over market was paid and a P/E calculated.

**The large base of stocks trading at a high P/E reflects the high P/E for the market as a whole.

Source: W. T. Grimm & Co.

Figure 46.

FIVE LARGEST AND FIVE SMALLEST PREMIUM-PAID TRANSACTIONS

An inspection of the 1986 W. T. Grimm & Co. Transaction Roster for the five completed or pending transactions with the five largest and the five smallest premiums paid disclosed the following results:

Buyer	Seller	P/E Ratio Paid
Seatex Group, Inc.	Resorts International Inc.	111.8%
Burlington Industries Inc.	C.H. Masland & Sons	87.2
Zim Energy Corp.	Chemclear Inc.	86.0
Lockheed Corp.	Sanders Associates Inc.	84.6
Private Group	C.O.M.B. Co.	83.6
Leggett & Platt Inc.	Crest-Foam Corp.	1.8
Whittaker Corp.	Park Chemical Co.	2.6
Security Pacific Corp.	Orbanco Financial Services Corp.	3.3
Bally Manufacturing Corp.	Bally's Park Place Inc. (acquired the remaining 16%)	3.3
Low & Bonar PLC	Powertec Inc.	3.4
Maytag Co.	Magic Chef Inc.	4.0

More details on these transactions are provided in the Transaction Roster beginning on page 137.

Average percent premiums paid for the 50 W. T. Grimm industry classifications are listed on the next page.

INDUSTRY CLASSIFICATIONS
PERCENT PREMIUM PAID OVER MARKET
1982—1986

Seller Industry Classifications	Average percent premium paid over market price (Base).				
	1982	1983	1984	1985	1986
Agricultural Production	33.0 [2]	19.4 [3]	14.0 [1]	12.5 [1]	26.3 [1]
Food Processing	46.8 [9]	48.6 [5]	40.1 [6]	27.7 [12]	33.5 [7]
Beverages	51.6 [7]	33.6 [3]	46.6 [3]	27.4 [2]	20.0 [1]
Apparel	1.4 [1]	19.1 [2]	29.4 [9]	21.6 [9]	58.4 [5]
Textiles	34.5 [6]	32.4 [6]	35.7 [1]	11.7 [4]	36.8 [7]
Timber & Forest Products	23.0 [1]	—	39.9 [2]	36.8 [1]	—
Paper	83.2 [1]	19.0 [1]	—	30.1 [3]	66.5 [3]
Packaging & Containers	—	29.1 [2]	45.4 [3]	13.1 [2]	—
Furniture	17.2 [2]	2.1 [1]	—	9.9 [1]	22.6 [6]
Building Products & Materials	61.7 [3]	71.3 [2]	17.5 [3]	31.6 [6]	6.7 [1]
Household Goods	41.2 [3]	30.8 [3]	25.7 [3]	32.5 [4]	11.0 [4]
Printing & Publishing	—	43.1 [4]	72.0 [4]	17.0 [1]	27.8 [6]
Chemicals, Paints & Coatings	33.6 [3]	—	23.7 [2]	23.2 [8]	33.2 [6]
Drugs, Medical Supplies & Equipment	35.5 [6]	25.7 [2]	38.3 [2]	36.2 [10]	52.4 [9]
Toiletries & Cosmetics	23.5 [1]	—	34.3 [2]	62.7 [2]	—
Plastics & Rubber	—	7.0 [1]	66.0 [3]	35.9 [5]	32.0 [6]
Stone, Clay & Glass	82.0 [1]	35.9 [2]	33.6 [1]	50.2 [1]	30.8 [4]
Primary Metal Processing	—	35.6 [3]	29.2 [4]	37.6 [3]	31.1 [4]
Fabricated Metal Products	54.5 [3]	—	—	22.3 [4]	27.6 [8]
Industrial & Farm Machinery & Equipment	49.5 [9]	28.9 [6]	51.0 [7]	30.6 [8]	41.9 [12]
Construction, Mining & Oil Field Machinery & Equipment	33.3 [1]	41.4 [3]	10.5 [1]	—	34.6 [1]
Valves, Pumps & Hydraulics	64.7 [1]	—	40.9 [4]	—	30.8 [1]
Autos & Trucks	—	—	—	—	—
Automotive Products & Accessories	—	—	—	47.0 [3]	6.5 [1]
Electrical Equipment	93.0 [1]	39.1 [1]	19.5 [5]	61.2 [7]	26.6 [10]
Office Equipment & Computer Hardware	39.0 [3]	64.8 [1]	43.5 [5]	32.1 [8]	43.7 [10]
Electronics	27.0 [4]	25.3 [3]	57.9 [3]	54.1 [7]	19.6 [9]
Aerospace, Aircraft & Defense	42.1 [2]	38.9 [1]	64.2 [3]	35.8 [5]	44.8 [7]
Instruments & Photographic Equipment	82.9 [2]	24.0 [3]	33.3 [1]	28.5 [8]	46.3 [12]
Toys & Recreational Products	42.7 [2]	—	14.3 [1]	—	37.3 [1]
Miscellaneous Manufacturing	68.7 [1]	28.5 [1]	10.9 [1]	50.0 [1]	30.5 [5]
Oil & Gas	36.4 [14]	38.3 [23]	32.7 [19]	54.9 [21]	75.1 [9]
Mining & Minerals	99.9 [1]	—	11.9 [1]	—	—
Transportation	66.8 [3]	23.5 [1]	40.3 [3]	50.6 [10]	34.4 [17]
Communications	52.9 [1]	—	5.6 [1]	15.8 [2]	—
Broadcasting	—	69.4 [2]	32.4 [1]	83.4 [6]	54.9 [4]
Electrical, Gas, Water & Sanitary Services	68.2 [2]	60.7 [2]	153.3 [1]	45.5 [3]	30.1 [4]
Wholesale & Distribution	47.0 [2]	32.9 [4]	34.2 [5]	35.4 [15]	36.1 [2]
Retail	50.3 [12]	43.1 [5]	35.9 [23]	31.7 [28]	45.4 [17]
Banking & Finance	60.3 [22]	40.6 [31]	53.9 [12]	27.3 [53]	46.8 [48]
Insurance	53.0 [11]	62.3 [7]	42.8 [5]	50.1 [5]	33.1 [10]
Real Estate	17.1 [2]	—	—	41.6 [5]	25.0 [1]
Brokerage, Investment & Management Consulting Services	17.4 [2]	36.9 [3]	22.8 [4]	24.9 [1]	26.8 [2]
Computer Software, Supplies & Services	75.0 [2]	31.3 [2]	48.9 [7]	30.8 [14]	40.9 [12]
Construction Contractors & Engineering Services	8.7 [1]	41.1 [2]	29.0 [4]	28.4 [9]	23.8 [7]
Energy Services	86.5 [1]	99.9 [1]	34.4 [4]	—	—
Health Services	53.8 [3]	30.3 [7]	36.2 [5]	28.1 [3]	36.4 [9]
Leisure & Entertainment	37.9 [6]	32.9 [6]	31.1 [6]	65.2 [15]	38.7 [16]
Miscellaneous Services	32.2 [6]	24.6 [4]	32.2 [6]	83.3 [6]	29.3 [16]
Conglomerate	46.7 [10]	31.8 [9]	35.0 [12]	23.1 [9]	28.1 [12]
Industry-wide Average	47.4 [176]	37.7 [168]	37.9 [199]	37.1 [331]	38.2 [333]

Source: W. T. Grimm & Co.

ACQUISITIONS OF PRIVATELY OWNED COMPANIES

There were 1,598 (see Figure 47) privately owned companies acquired in 1986, compared with 1,358 in 1985, an 18% increase. The economy's robust recovery in the last four years has enabled more privately owned firms to strengthen their balance sheets, thereby becoming more attractive acquisition candidates. The 1986 total dollar value paid for privately owned businesses was $22.0 billion, up 31% from the $16.85 billion tabulated in 1985. The number of $100 million-plus transactions tripled, from 15 to 45 (see Figure 48), but only one had a price tag of more than one billion dollars - Coca Cola Corp.'s acquisition of JTL Corp., the nation's largest coke bottler.

The dollar total for the 45 transactions valued at $100 million or more was $11.7. billion, accounting for 53% of the $22 billion tabulated for all acquisitions of privately owned companies. In 1985 the 15 $100-million-plus deals totalled $10.5 billion and accounted for 62% of the $16.85 billion tabulated for all acquisitions of privately owned sellers. The 45 $100-million-plus transactions of 1986 are identified in the W. T. Grimm and Co. 100-Million-Dollar Club beginning on page 13.

ACQUISITIONS OF PRIVATELY OWNED COMPANIES
1976—1986

Year	Number of Acquisitions	Percent of Total Acquisition Activity	Total Dollar Value Paid (millions of dollars)	Base*
1976	856	38%	#	
1977	971	44%	#	
1978	969	46%	#	
1979	1,049	49%	#	
1980	988	52%	#	
1981	1,330	55%	$8,521.7	581
1982	1,222	52%	5,916.9	420
1983	1,316	52%	8,079.4	500
1984	1,351	53%	8,734.8	445
1985	1,358	45%	16,851.6	453
1986	1,598	48%	22,025.4	548

# Data not collected that year.
*Base: Number of transactions disclosing purchase price.

Source: W. T. Grimm & Co.

Figure 47.

As the above figure indicates, the purchase of privately held companies is a significant, if not the most fundamental, component of merger and acquisition activity. The majority of these acquisitions fall into two main situations which are characterized by the seller's motivation. Lack of an heir to take over the business is probably the most frequent reason for selling. Nearing retirement, the owner is prompted to sell in order to achieve the needed liquidity for estate tax purposes. The second most common selling scenario involves a company experiencing the pressures of growth. Increasing demand for the company's products or services exerts pressure on the firm to become more sophisticated and efficient in its operations. To fulfill these demands, the owner/entrepreneur sells his business so that he can obtain needed financing for expansion and rely on the professional management assistance a larger firm can provide.

Contrary to acquisitions of publicly traded companies, most purchases of privately held sellers are small transactions involving exchanges of stock (see Figure 48). Because their concern for tax liability is greater than that of shareholders in a publicly traded company, owners of private companies prefer tax-free exchanges of securities rather than a taxable cash transaction.

ACQUISITIONS OF PRIVATELY OWNED COMPANIES 1980—1986

I. DOLLAR VALUE

Number (Percent of Transactions Disclosing Price)

Value of Purchase Price	1980	1981	1982	1983	1984	1985	1986
$ 5 million or less	219 (49%)	265 (46%)	197 (47%)	198 (40%)	180 (41%)	149 (33%)	125 (23%)
$ 5.1 - 10.0 million	94 (21%)	136 (23%)	85 (20%)	116 (23%)	84 (19%)	105 (23%)	98 (18%)
$10.1 - 15.0 million	42 (9%)	62 (11%)	52 (12%)	55 (11%)	50 (11%)	51 (11%)	67 (12%)
$15.1 - 25.0 million	30 (7%)	43 (7%)	35 (8%)	56 (11%)	51 (12%)	56 (13%)	87 (16%)
$25.1 - 50.0 million	40 (9%)	45 (8%)	29 (7%)	48 (10%)	46 (10%)	57 (13%)	81 (15%)
$50.1 - 99.9 million	16 (4%)	18 (3%)	15 (4%)	19 (4%)	15 (3%)	20 (4%)	45 (8%)
$100 million or more	4 (1%)	12 (2%)	7 (2%)	8 (1%)	19 (4%)	15 (3%)	45 (8%)
Number of Transactions Disclosing Price	445	581	420	500	445	453	548

II. METHOD OF PAYMENT

Number (Percent of Transactions Disclosing Payment Form)

	1980	1981	1982	1983	1984	1985	1986
Cash	198 (32%)	213 (28%)	137 (24%)	129 (20%)	167 (29%)	170 (28%)	180 (27%)
Stock	286 (46%)	379 (50%)	256 (44%)	306 (48%)	226 (39%)	234 (39%)	295 (45%)
Combination	129 (21%)	159 (21%)	169 (29%)	202 (31%)	180 (31%)	195 (33%)	188 (28%)
Debt	5 (1%)	8 (1%)	16 (3%)	6 (1%)	4 (1%)	1 (—)	— (—)
Number of Transactions Disclosing Payment Form	618	759	578	643	577	600	663

Source: W. T. Grimm & Co.

Figure 48.

PRICE/EARNINGS RATIOS PAID

The price paid as a multiple of the acquired company's earnings is only computable when both the total price paid and the earnings of the seller are disclosed. In 1986, such information was available for 364 transactions, only 11% of the total net merger and acquisition count. Due to the high percentage of private sellers and divestitures, few transactions release sufficient data on which to calculate price/earnings ratios paid. The subsequent P/E multiples should not, therefore, be construed as representative of all mergers and acquisitions. They simply provide a set of guidelines.

Based on the 364 transactions in 1986, the average P/E ratio paid was 22.2 times earnings, compared with the 18.0 (based on 427 transactions) calculated in 1985. The annual distribution of P/E ratios paid for the last seven years is presented in Figure 49. Average and median values are also provided.

DISTRIBUTION OF P/E RATIOS PAID
1980—1986

Price/Earnings Ratio Paid	1980	1981	1982	1983	1984	1985	1986
0.1— 8.5	61	40	42	24	35	51	18
8.6—10.5	42	31	28	21	33	47	20
10.6—13.0	40	51	41	34	40	80	43
13.1—17.0	45	40	41	36	52	89	82
17.1—25.0	17	39	22	44	50	91	112
25.0—99.9	38	29	19	30	36	69	89
*Base	243	230	193	189	246	427	364
Average P/E Paid	15.2	15.6	13.9	16.7	17.2	18.0	22.2
Median P/E Paid	11.3	12.7	12.1	14.5	14.2	14.7	18.4

*Base: Number of transactions disclosing P/E paid.

Source: W. T. Grimm & Co.

Figure 49.

Noteworthy is the comparison between multiples paid for publicly traded companies and those paid for privately owned businesses. The 1986 average P/E ratio paid for public companies was 24.2, while the average multiple paid for private firms was 18.8. The comparable averages in 1985 were 20.1 for public and 15.3 for private. Median values for the last seven years are listed in Figure 50 and they indicate that higher P/E multiples are paid for public companies than for private concerns. Since publicly traded companies tend to be larger, more sophisticated businesses with solid market shares, they are more likely to command correspondingly higher price multiples.

MEDIAN P/E PAID
PUBLIC VS PRIVATE
1980—1986

	1980	(Base*)	1981	(Base*)	1982	(Base*)	1983	(Base*)	1984	(Base*)	1985	(Base*)	1986	(Base*)
Acquisitions of Public Companies	11.5	(162)	14.0	(160)	12.8	(150)	15.5	(141)	15.1	(183)	16.4	(240)	24.3	(259)
Acquisitions of Private Companies	10.3	(81)	11.5	(70)	10.1	(43)	11.5	(48)	11.4	(63)	12.3	(187)	16.5	(105)

*Base: Number of transactions disclosing P/E paid.

Source: W. T. Grimm & Co.

Figure 50.

Comparisons of median P/E ratios paid with respect to the dollar value of the transaction and the method of payment are presented in the following table.

MEDIAN P/E PAID
1980—1986

I. COMPARISON BY DOLLAR VALUE

Price Paid Value	1980	(Base*)	1981	(Base*)	1982	(Base*)	1983	(Base*)	1984	(Base*)	1985	(Base*)	1986	(Base*)
$25 million or less	10.2	(123)	11.0	(90)	10.4	(69)	13.5	(54)	11.0	(61)	12.7	(183)	15.8	(128)
$25.1 — 50.0 million	9.5	(36)	13.7	(36)	12.0	(25)	14.7	(40)	12.2	(45)	14.3	(60)	17.3	(57)
$50.1 — 99.9 million	13.7	(27)	13.5	(32)	13.3	(33)	12.4	(34)	15.8	(39)	14.2	(49)	20.2	(55)
$100 millon or more	13.7	(57)	15.4	(72)	13.1	(66)	17.4	(61)	16.4	(101)	17.4	(135)	20.5	(124)

*Base: Number of transactions disclosing P/E paid.

II. COMPARISON BY METHOD OF PAYMENT

	1980	(Base*)	1981	(Base*)	1982	(Base*)	1983	(Base*)	1984	(Base*)	1985	(Base*)	1986	(Base*)
Cash	11.0	(121)	13.5	(112)	12.4	(109)	15.8	(95)	14.3	(145)	15.1	(206)	18.7	(154)
Stock	12.8	(75)	14.5	(57)	12.0	(33)	17.9	(36)	17.8	(33)	14.8	(110)	18.4	(88)
Combination	11.3	(43)	12.6	(50)	12.2	(47)	12.5	(46)	12.6	(47)	13.9	(93)	20.6	(42)

*Base: Number of transactions disclosing P/E paid and payment method.

Source: W. T. Grimm & Co.

Figure 51.

Figure 52 charts the percent premium paid over the average price-earnings multiple on the Standard & Poor's index of 500 stocks since 1968.

PRICE/EARNINGS RATIOS
PREMIUM PAID OVER S&P 500
1968—1986

Year	S&P 500 P/E Ratio Average*	WTG Average P/E Paid#	Percent Premium Over S&P 500
1968	18.1	24.6	35.9%
1969	15.1	21.0	39.1%
1970	16.7	23.1	38.3%
1971	18.3	24.3	32.8%
1972	19.1	21.4	12.0%
1973	12.2	18.9	54.9%
1974	7.3	13.5	84.9%
1975	11.7	13.3	13.7%
1976	11.0	15.1	37.2%
1977	8.8	13.8	56.8%
1978	8.3	14.3	72.2%
1979	7.4	14.3	93.2%
1980	9.1	15.2	67.0%
1981	8.1	15.6	92.6%
1982	10.2	13.9	36.3%
1983	12.4	16.7	34.7%
1984	10.8	17.2	59.3%
1985	11.5	18.0	56.5%
1986	16.0	22.2	39.0%

*Based upon an average of weekly prices and quarterly earnings.

#Based upon prices paid in all transactions where earnings information was available.

Source: W. T. Grimm & Co.

Figure 52.

The fact that the percent premium paid over the S&P index dramatically increased during the last half of the 1970s suggests that the stock market was greatly undervalued. During the '60s and very early '70s, investors were willing to pay more for stocks since the return on alternative fixed-income investments was low by today's standards. Consequently, the average price-earnings multiple of stocks on the S&P 500 was typically above 15. But when interest rates surged in the late '70s, stocks became less attractive and the multiple on the S&P 500 plunged to 7.4 in 1979. At the same time, the double-digit inflation of the late '70s was steadily increasing the value of corporate assets. Earnings, what most investors look at, were worth less, while the underlying assets were worth more. Hence, corporate acquirers were pricing their acquisitions closer to the asset values of seller companies rather than their earnings, which explains the increase in the premium paid over the S&P 500.

FIVE HIGHEST AND FIVE LOWEST P/E RATIOS-PAID TRANSACTIONS

An inspection of the 1986 W. T. Grimm & Co. Transaction Roster for the five completed or pending transactions with the five highest and five lowest P/E ratios disclosed the following results:

Buyer	Seller	P/E Ratio Paid
Telecommunications Inc.	United Artists Communications	88.7X
Maxicare Health Plans Inc.	HealthAmerica Corp.	80.3
Dyson-Kissner-Moran Corp.	Conquest Exploration Co. (initial 29%)	79.7
Rospatch Corp.	Infrared Industries Inc.	77.2
Ford Motor Co.	Ceradyne Inc. (initial 11%)	76.0
Spartech Corp.	Franklin Plastics Corp.	2.5
Private Group	Ealing Corp.	2.7
MBI Business Centers	Micro-South Corp.	3.0
Private Group	Trans Graphics	4.2
LaCadena Investments	Stater Brothers Inc. (initial 38%)	5.3
Mutual Life Assurance of Canada	Western States Life Insurance Co.	5.3

More details on these acquisitions are provided in the Transaction Roster beginning on page 137.

Individual average P/E ratios paid for the 50 W. T. Grimm & Co. industry classifications are listed on the next page. Base numbers on which the averages were computed are also provided.

INDUSTRY CLASSIFICATIONS
P/E RATIOS PAID
1982—1986

	Average P/E Ratio Paid (Base)				
Seller Industry Classifications	**1982**	**1983**	**1984**	**1985**	**1986**
Agricultural Production	10.0 [2]	13.7 [2]	10.1 [1]	—	5.7 [1]
Food Processing	12.3 [13]	14.3 [5]	13.7 [10]	14.7 [9]	25.5 [10]
Beverages	10.4 [4]	17.0 [2]	15.5 [2]	14.5 [3]	10.6 [1]
Apparel	8.2 [3]	7.2 [3]	12.4 [11]	20.3 [6]	24.9 [4]
Textiles	11.1 [6]	17.9 [5]	8.6 [2]	13.5 [3]	14.4 [6]
Timber & Forest Products	10.9 [1]	—	25.9 [2]	20.5 [1]	—
Paper	8.2 [2]	13.8 [1]	—	12.0 [4]	27.6 [2]
Packaging & Containers	—	15.2 [2]	18.3 [3]	10.8 [3]	12.5 [2]
Furniture	8.9 [3]	10.6 [2]	—	14.4 [2]	23.9 [6]
Building Products & Materials	27.3 [1]	14.2 [2]	14.0 [3]	16.5 [5]	14.3 [1]
Household Goods	11.0 [2]	27.1 [4]	11.1 [5]	13.7 [4]	15.0 [6]
Printing & Publishing	15.3 [1]	14.2 [7]	17.7 [5]	20.4 [2]	18.6 [7]
Chemicals, Paints & Coatings	22.7 [3]	—	15.2 [5]	13.3 [2]	20.0 [5]
Drugs, Medical Supplies & Equipment	20.8 [7]	32.9 [1]	21.8 [4]	21.1 [8]	28.4 [5]
Toiletries & Cosmetics	15.7 [1]	12.8 [2]	22.9 [3]	18.6 [2]	—
Plastics & Rubber	—	8.4 [1]	19.4 [3]	15.6 [5]	12.2 [6]
Stone, Clay & Glass	11.6 [3]	12.8 [2]	16.4 [2]	11.1 [1]	44.1 [2]
Primary Metal Processing	—	9.5 [3]	14.2 [3]	18.2 [1]	13.5 [3]
Fabricated Metal Products	14.9 [3]	17.7 [1]	—	15.4 [5]	29.2 [7]
Industrial & Farm Machinery & Equipment	12.4 [10]	13.3 [5]	16.3 [5]	19.7 [8]	19.5 [10]
Construction, Mining & Oil Field Machinery & Equipment	23.0 [1]	28.0 [2]	57.5 [1]	—	21.6 [1]
Valves, Pumps & Hydraulics	9.2 [1]	16.6 [2]	20.7 [3]	—	20.1 [1]
Autos & Trucks	—	—	—	10.2 [1]	53.4 [1]
Automotive Products & Accessories	11.9 [1]	—	6.9 [1]	10.2 [2]	13.7 [4]
Electrical Equipment	13.2 [2]	18.1 [1]	24.0 [5]	17.2 [6]	25.3 [9]
Office Equipment & Computer Hardware	12.7 [3]	24.4 [3]	17.7 [4]	14.2 [5]	16.3 [4]
Electronics	17.8 [5]	16.1 [5]	12.8 [1]	14.8 [9]	23.1 [8]
Aerospace, Aircraft & Defense	11.4 [2]	20.9 [2]	17.0 [3]	26.2 [7]	30.4 [6]
Instruments & Photographic Equipment	8.8 [3]	30.5 [2]	19.2 [4]	18.3 [5]	31.0 [11]
Toys & Recreational Products	8.2 [1]	1.1 [1]	46.7 [2]	9.1 [1]	8.6 [1]
Miscellaneous Manufacturing	—	18.7 [2]	15.2 [2]	25.0 [1]	44.4 [2]
Oil & Gas	19.4 [12]	17.8 [18]	20.5 [19]	18.2 [13]	49.7 [2]
Mining & Minerals	1.7 [1]	9.7 [1]	10.9 [2]	6.8 [1]	—
Transportation	8.2 [5]	14.1 [2]	11.2 [4]	27.3 [9]	17.5 [11]
Communications	31.3 [1]	—	30.3 [1]	21.8 [5]	—
Broadcasting	—	36.3 [2]	40.0 [1]	23.0 [3]	46.1 [1]
Electrical, Gas, Water & Sanitary Services	13.0 [3]	14.2 [3]	11.4 [1]	15.6 [6]	23.3 [4]
Wholesale & Distribution	8.8 [4]	11.7 [5]	17.8 [8]	14.7 [15]	24.0 [1]
Retail	16.9 [11]	13.5 [7]	16.4 [23]	17.9 [22]	22.8 [18]
Banking & Finance	13.1 [22]	13.2 [33]	13.3 [24]	16.1 [167]	18.7 [122]
Insurance	13.4 [12]	15.0 [8]	15.7 [6]	12.4 [10]	17.9 [10]
Real Estate	18.7 [2]	8.5 [4]	8.7 [5]	9.4 [3]	22.7 [1]
Brokerage, Investment & Management Consulting Services	9.1 [3]	19.5 [4]	11.2 [5]	—	33.9 [2]
Computer Software, Supplies & Services	—	26.6 [5]	25.6 [8]	32.1 [14]	26.2 [8]
Construction Contractors & Engineering Services	11.0 [3]	14.2 [1]	9.0 [5]	16.5 [10]	28.1 [5]
Energy Services	7.6 [2]	8.1 [1]	38.0 [2]	—	—
Health Services	31.6 [3]	21.2 [8]	20.4 [9]	47.5 [3]	39.7 [11]
Leisure & Entertainment	17.5 [5]	30.1 [5]	18.4 [8]	27.9 [16]	32.1 [12]
Miscellaneous Services	11.9 [10]	17.0 [5]	15.0 [7]	22.8 [9]	25.0 [14]
Conglomerate	13.3 [10]	20.5 [7]	18.0 [13]	20.5 [10]	22.2 [10]
Industry-wide Average	13.9 [193]	16.7 [189]	17.2 [246]	18.0 [427]	22.2 [364]

Source: W.T. Grimm & Co.

Regrouping the 50 W. T. Grimm & Co. classifications into 12 industry sectors allows a broader interpretation of P/Es and premiums.

INDUSTRY SECTORS
P/E RATIOS PAID
1982—1986

Industry Sector	Average P/E Paid [Base]				
	1982	1983	1984	1985	1986
Agricultural Production	10.0X[2]	13.7X[2]	10.1X[1]	—	5.7X[1]
Manufacturing	14.1 [81]	16.6 [68]	19.0 [92]	15.9X[110]	22.9 [131]
Natural Resources	10.7 [14]	13.8 [19]	19.1 [23]	15.1 [15]	49.7 [2]
Transportation	8.2 [5]	14.1 [2]	11.2 [4]	27.3 [9]	17.5 [11]
Communications & Broadcasting	31.3 [1]	36.3 [2]	35.2 [2]	22.4 [8]	46.1 [1]
Utilities	13.0 [3]	14.2 [3]	11.4 [1]	15.6 [6]	23.3 [4]
Wholesale & Distribution	8.8 [4]	11.7 [5]	17.8 [8]	14.7 [15]	24.0 [1]
Retail	16.9 [11]	13.5 [7]	16.4 [23]	17.9 [22]	22.8 [18]
Financial Services	11.9 [37]	15.9 [45]	13.4 [35]	14.2 [177]	18.9 [134]
Other Services	15.9 [23]	19.5 [25]	21.1 [39]	29.4 [52]	30.4 [50]
Real Estate	18.7 [2]	8.5 [4]	8.7 [5]	9.4 [3]	22.7 [1]
Conglomerate	13.3 [10]	20.5 [7]	18.0 [13]	20.5 [10]	22.2 [10]
Industry-wide Averages	13.9X[193]	16.7X[189]	17.2X[246]	18.0X[427]	22.2X[364]

PERCENT PREMIUMS PAID OVER MARKET
1982—1986

Industry Sector	Average Premium Paid [Base]				
	1982	1983	1984	1985	1986
Agricultural Production	33.0%[2]	19.4%[3]	14.0%[1]	12.5%[1]	26.3%[1]
Manufacturing	48.2 [72]	32.9 [56]	36.8 [77]	31.9 [124]	35.6 [146]
Natural Resources	53.1 [16]	38.3 [23]	28.2 [22]	45.8 [22]	75.1 [9]
Transportation	66.8 [3]	23.5 [1]	40.3 [3]	50.6 [10]	34.4 [17]
Communications & Broadcasting	52.9 [1]	69.4 [2]	19.0 [2]	49.6 [8]	54.9 [4]
Utilities	68.2 [2]	60.7 [2]	153.3 [1]	45.5 [3]	30.1 [4]
Wholesale & Distribution	47.0 [2]	32.9 [4]	34.2 [5]	35.4 [15]	36.1 [2]
Retail	50.3 [12]	43.1 [5]	35.9 [23]	31.7 [28]	45.4 [17]
Financial Services	43.6 [35]	46.6 [41]	39.8 [21]	34.1 [59]	43.9 [60]
Other Services	49.0 [19]	43.4 [22]	35.3 [32]	47.2 [47]	34.6 [60]
Real Estate	17.1 [2]	—	—	41.6 [5]	25.0 [1]
Conglomerate	46.7 [10]	31.8 [9]	35.0 [12]	23.1 [9]	28.1 [12]
Industry-wide Averages	47.4%[176]	37.7%[168]	37.9%[199]	37.1%[331]	38.2%[333]

CONTINGENT PAYOUTS

Acquisitions utilizing contingent payouts during 1986 numbered 38, compared with 65 in 1985. Contingent payouts are supplementary payments based on the future earnings of the acquired concern. They are used to overcome the buyer's difficulty in determining the present value or future growth rate of a selling company. Thus, the contingent provision serves as (1) a protection for the buyer against overvaluation of the seller, and (2) an incentive for the owner to remain and continue running the business. The majority of acquired companies in such transactions are small privately held companies and/or service-oriented establishments.

CONTINGENT PAYOUTS
1974—1986

1974—33
1975—20
1976—32
1977—22
1978—25
1979— 9
1980—33
1981—52
1982—51
1983—37
1984—39
1985—65
1986—38

Source: W. T. Grimm & Co.

Figure 53.

ANNUAL SALES OF ACQUIRED COMPANIES

A total of 2,077 transactions involved the sale of an entire company in 1986. Among these acquisitions, 1,344 sellers disclosed their annual sales. Annual distributions of seller companies (non-divestitures) by their annual sales for the last eight years are provided in the subsequent figure.

DISTRIBUTION OF SELLERS BY SALES
1979—1986

	Percentage of Sellers Disclosing Sales							
Annual Sales Volume	**1979**	**1980**	**1981**	**1982**	**1983**	**1984**	**1985**	**1986**
$10 million or less	44%	41%	41%	39%	40%	35%	37%	25%
$10.1—50.0 million	29%	34%	36%	35%	35%	33%	33%	32%
$50.1—100.0 million	11%	10%	6%	9%	10%	12%	9%	14%
Over $100 million	16%	15%	17%	17%	15%	20%	21%	29%
Number of Seller Companies Disclosing Annual Sales	644	504	651	559	642	735	908	1,344

Source: W. T. Grimm & Co.

Figure 54.

GEOGRAPHIC BREAKDOWN

Among the 2,077 transactions involving the sale of an entire company, a location was obtained for 1,937 sellers and 1,917 buyers. The geographic breakdown for sellers appears on page 104, while the buyers are on page 105.

Among the 50 states and the District of Columbia, 17 had a decline in the number of sellers, while 32 had more sellers than the year before. South Dakota and Wyoming had no sellers in 1986 and three each in 1985.

Twelve states had fewer buyers in 1986 than in 1985, while 33 had an increase in the number of buyers. Six states remained unchanged: Alaska, Idaho, Iowa, Maine, Nebraska and North Dakota. Two states had no buyers in either 1985 or 1986: — Alaska and North Dakota, and two states had none in 1986: — Hawaii and Wyoming.

A regional breakdown for both buyers and sellers appears on page 106.

NUMBER OF SELLERS RANKED BY STATES
1982-1986

	Number of Sellers (Rank)					
	1982	**1983**	**1984**	**1985**	**1986**	**Five Year Total**
California	130(1)	208(1)	263(1)	261(1)	258(1)	1,120(1)
New York	101(3)	112(3)	120(2)	223(2)	172(2)	728(2)
Texas	128(2)	132(2)	117(3)	102(3)	120(3)	599(3)
Illinois	65(5)	70(4)	75(4)	77(5)	105(4)	392(4)
Massachusetts	33(9)	46(7)	61(7)	67(7)	93(5)	300(8)
Florida	74(4)	65(6)	64(6)	80(4)	92(6)	375(5)
Ohio	31(11)	46(7)	41(9)	75(6)	83(7)	276(9)
Pennsylvania	61(6)	45(9)	66(5)	66(8)	82(8)	320(7)
Indiana	19(19)	21(21)	19(21)	58(11)	82(8)	199(13)
Michigan	33(9)	33(14)	35(12)	59(10)	74(10)	234(10)
New Jersey	56(7)	67(5)	61(7)	66(8)	72(11)	322(6)
Georgia	31(11)	34(13)	39(11)	51(12)	54(12)	209(11)
Connecticut	22(16)	37(12)	27(13)	40(13)	48(13)	174(14)
Minnesota	24(14)	20(22)	22(17)	32(16)	45(14)	143(16)
Tennessee	17(23)	28(18)	25(15)	22(23)	45(14)	137(17)
Colorado	43(8)	39(11)	41(9)	35(14)	44(16)	202(12)
North Carolina	14(26)	31(15)	19(21)	23(22)	43(17)	130(19)
Virginia	31(11)	29(16)	27(13)	35(14)	36(18)	158(15)
Maryland	18(20)	29(16)	15(25)	31(17)	34(19)	127(22)
Washington	15(24)	29(23)	25(15)	28(19)	32(20)	129(20)
Wisconsin	20(18)	27(19)	22(17)	31(17)	29(21)	129(20)
Missouri	22(16)	41(10)	21(19)	25(20)	28(22)	137(17)
Arizona	11(28)	13(30)	13(26)	24(21)	25(23)	86(26)
Alabama	18(20)	18(25)	10(29)	21(25)	22(24)	89(25)
Kentucky	15(24)	15(27)	19(21)	22(23)	21(25)	92(24)
Kansas	10(30)	8(33)	13(26)	21(25)	18(26)	70(28)
Oregon	7(35)	15(27)	8(32)	15(30)	18(26)	63(29)
South Carolina	10(30)	13(30)	7(36)	13(32)	17(28)	60(30)
New Hampshire	9(32)	4(38)	11(28)	14(31)	17(28)	55(33)
Oklahoma	23(15)	26(20)	21(19)	19(27)	14(30)	103(23)
Utah	8(34)	12(32)	9(30)	16(29)	13(31)	58(31)
District of Columbia	4(40)	3(40)	6(37)	9(34)	11(32)	33(36)
Nevada	7(35)	5(36)	4(38)	7(36)	11(32)	34(35)
Louisiana	13(27)	19(23)	19(21)	19(27)	9(34)	79(27)
Iowa	18(20)	16(26)	3(42)	12(33)	9(34)	58(31)
Arkansas	2(45)	15(27)	9(30)	7(36)	8(36)	41(34)
Nebraska	3(42)	7(34)	4(38)	5(40)	8(36)	27(41)
Mississippi	11(28)	2(43)	8(32)	2(45)	8(36)	31(38)
West Virginia	1(49)	2(43)	4(38)	2(45)	8(36)	17(42)
Maine	5(38)	4(38)	8(32)	6(39)	7(40)	30(39)
New Mexico	9(32)	6(35)	4(38)	7(36)	6(41)	32(37)
Rhode Island	3(42)	5(36)	8(32)	9(34)	4(42)	29(40)
Delaware	-(50)	3(40)	2(43)	-(51)	3(43)	8(47)
Montana	4(40)	2(43)	2(43)	3(41)	2(44)	13(43)
Hawaii	3(42)	3(40)	1(48)	1(49)	2(44)	10(46)
North Dakota	-(51)	1(49)	2(43)	1(49)	2(44)	6(49)
Vermont	1(48)	2(43)	1(51)	3(41)	1(47)	8(47)
Alaska	1(46)	-(51)	1(47)	2(45)	1(47)	5(51)
Idaho	1(47)	1(48)	1(49)	2(45)	1(47)	6(49)
South Dakota	5(38)	2(43)	1(50)	3(41)	-(50)	11(45)
Wyoming	7(35)	1(50)	2(43)	3(41)	-(50)	13(43)
Number Disclosing Location	1,197	1,412	1,406	1,755	1,937	7,707

Source: W. T. Grimm & Co.

Figure 55.

NUMBER OF BUYERS RANKED BY STATES
1982—1986

	Number of Buyers (Rank)					
	1982	1963	1984	1985	1986	Five Year Total
New York	168(1)	213(1)	223(1)	226(1)	273(1)	1,103(1)
California	120(2)	158(2)	199(2)	216(2)	221(2)	914(2)
Illinois	110(3)	108(4)	87(5)	99(4)	152(3)	556(3)
Ohio	50(8)	45(10)	74(6)	110(3)	113(4)	392(6)
Pennsylvania	59(6)	68(7)	97(4)	86(6)	107(5)	417(5)
Texas	109(4)	134(3)	110(3)	92(5)	94(6)	539(4)
Connecticut	39(11)	73(6)	54(9)	54(9)	86(7)	306(8)
Massachusetts	29(14)	45(10)	43(11)	47(12)	75(8)	239(11)
New Jersey	59(5)	80(5)	58(7)	67(7)	73(9)	337(7)
Florida	44(10)	60(9)	52(10)	59(8)	65(10)	280(9)
Michigan	32(13)	28(16)	36(13)	53(10)	58(11)	207(13)
Georgia	47(9)	62(8)	56(8)	51(11)	53(12)	269(10)
Minnesota	52(7)	33(13)	35(14)	42(13)	48(13)	210(12)
Colorado	28(15)	30(14)	42(12)	35(15)	45(14)	180(14)
Indiana	18(18)	19(22)	11(25)	32(18)	41(15)	121(18)
Missouri	27(16)	45(10)	26(18)	35(15)	36(16)	169(15)
Virginia	33(12)	29(15)	27(15)	40(14)	35(17)	164(16)
North Carolina	13(22)	20(21)	19(20)	26(19)	35(17)	113(19)
Wisconsin	19(17)	21(20)	27(15)	35(15)	31(19)	133(17)
Tennessee	12(23)	28(16)	23(19)	22(21)	28(20)	113(19)
Washington	11(25)	14(23)	11(25)	17(23)	23(21)	76(23)
Alabama	12(23)	13(24)	9(30)	15(24)	20(22)	69(24)
Maryland	16(20)	23(19)	27(15)	23(20)	18(23)	107(21)
Arizona	8(28)	9(29)	7(32)	9(32)	17(24)	50(27)
South Carolina	8(28)	5(34)	3(38)	3(39)	16(25)	35(33)
Oklahoma	17(19)	26(18)	17(21)	12(26)	14(26)	86(22)
Kentucky	5(32)	5(34)	16(22)	12(26)	13(27)	51(26)
Rhode Island	3(41)	12(26)	12(24)	9(32)	12(28)	48(29)
New Hampshire	4(33)	3(42)	9(30)	19(22)	12(28)	47(30)
Iowa	15(21)	7(30)	6(33)	11(29)	11(30)	50(27)
Nebraska	4(33)	4(39)	14(23)	11(29)	11(30)	44(32)
Utah	4(33)	10(28)	10(28)	12(26)	10(32)	46(31)
Arkansas	3(41)	11(27)	2(42)	6(37)	9(33)	31(35)
Kansas	9(27)	13(24)	11(25)	13(25)	8(34)	54(25)
Nevada	4(33)	3(42)	3(38)	6(37)	8(34)	24(39)
Delaware	2(45)	5(34)	1(46)	2(43)	8(34)	18(41)
Mississippi	11(25)	6(31)	4(35)	1(46)	7(37)	29(36)
District of Columbia	6(30)	5(34)	4(35)	8(34)	6(38)	29(36)
Oregon	4(33)	4(39)	5(34)	7(35)	6(38)	26(38)
West Virginia	1(49)	-(51)	1(50)	3(39)	4(40)	9(46)
Maine	2(45)	5(34)	3(38)	3(39)	3(41)	16(42)
Idaho	-(50)	-(48)	4(35)	3(39)	3(41)	10(44)
Louisiana	4(33)	6(31)	10(28)	10(31)	2(43)	32(34)
New Mexico	6(30)	6(31)	2(42)	7(35)	2(43)	23(40)
Vermont	1(48)	-(50)	1(49)	1(47)	2(43)	5(48)
South Dakota	3(41)	1(47)	1(50)	-(51)	2(43)	7(47)
Montana	3(41)	-(49)	-(51)	-(49)	1(47)	4(49)
Wyoming	4(33)	4(39)	2(42)	2(43)	-(48)	12(43)
Hawaii	4(33)	2(44)	3(38)	1(45)	-(48)	10(44)
Alaska	1(47)	2(44)	1(45)	-(48)	-(48)	4(49)
North Dakota	-(51)	1(46)	1(47)	-(50)	-(48)	2(51)
Number Disclosing Location	1,243	1,504	1,499	1,653	1,917	7,816

Source: W. T. Grimm & Co.

Figure 56.

REGIONAL RANKING
1982—1986

	Number of Sellers (Rank)					
Region	**1982**	**1983**	**1984**	**1985**	**1986**	**Five Year Total**
Midwest	250 (2)	292 (2)	258 (3)	399 (2)	483 (1)	1,682 (2)
Middle Atlantic	287 (1)	305 (1)	320 (2)	454 (1)	439 (2)	1,805 (1)
Southwest	208 (3)	283 (3)	334 (1)	350 (3)	357 (3)	1,532 (3)
Southeast	175 (4)	191 (5)	172 (4)	212 (4)	281 (4)	1,031 (4)
New England	73 (6)	98 (6)	116 (6)	139 (6)	170 (5)	596 (6)
South Central	166 (5)	192 (4)	166 (5)	147 (5)	151 (6)	822 (5)
Northwest	34 (7)	48 (7)	38 (7)	51 (7)	53 (7)	224 (7)
Alaska & Hawaii	4 (8)	3 (8)	2 (8)	3 (8)	3 (8)	15 (8)
Totals	1,197	1,412	1,406	1,755	1,937	7,707

	Number of Buyers (Rank)					
Region	**1982**	**1983**	**1984**	**1985**	**1986**	**Five Year Total**
Middle Atlantic	349 (1)	428 (1)	454 (1)	467 (1)	537 (1)	2,235 (1)
Midwest	339 (2)	325 (2)	329 (2)	441 (2)	511 (2)	1,945 (2)
Southwest	170 (3)	216 (3)	263 (3)	285 (3)	303 (3)	1,237 (3)
Southeast	147 (4)	194 (4)	166 (4)	177 (4)	224 (4)	908 (4)
New England	78 (6)	138 (6)	122 (6)	133 (5)	190 (5)	661 (5)
South Central	133 (5)	177 (5)	139 (5)	120 (6)	119 (6)	688 (5)
Northwest	22 (7)	22 (7)	22 (7)	29 (7)	33 (7)	128 (7)
Alaska & Hawaii	5 (8)	4 (8)	4 (8)	1 (8)	- (8)	14 (8)
Totals	1,243	1,504	1,499	1,653	1,917	7,816

Middle Atlantic: New York, Pennsylvania, New Jersey, Delaware, Maryland, West Virginia, Virginia, Washington, D. C., Kentucky.

Midwest: North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa, Missouri, Wisconsin, Illinois, Michigan, Indiana, Ohio.

Southwest: California, Nevada, Utah, Colorado, Arizona, New Mexico.

South Central: Texas, Oklahoma, Arkansas, Louisiana.

Southeast: Florida, Mississippi, Alabama, Georgia, South Carolina, North Carolina, Tennessee.

New England: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut.

Northwest: Washington, Oregon, Idaho, Montana, Wyoming.

Source: W. T. Grimm & Co.

Figure 57.

CANCELLATIONS

There were 199 terminated transactions in 1986, representing 6% of gross merger and acquisition announcements. This compares with 236 or 7% in 1985. Figure 58 charts the number of gross merger and acquisition announcements, cancelled transactions, net merger and acquisition announcements, and cancellations as a percentage of gross merger activity since 1969.

As the figure shows, cancellations have ranged from 6% to 10% of the gross total number of transactions. The 10% cancellation rates in 1974 and 1975 were attributable to declining stock prices and the resulting difficulty in reaching mutually agreeable exchange ratios. The same held true for 1969 and 1970, when terminations comprised 9% of all deals. The 9% rates in 1979 and 1980 were largely due to the historic and dramatic climb in interest rates. The prime rate rose from 13 1/4% in October, 1979 to 20% in April, 1980, only to be followed by a rapid decline to 11% in the summer months and a wild comeback to 20% which was surpassed by 21 1/2% in December, 1980. Not only did high interest rates lessen the availability of adequate financing, but the extremely volatile movement of the prime lending rate coupled with double-digit inflation created further obstacles to closing deals. Due to such breakneck economic swings, terms of acquisition agreements became obsolete, resulting in cancellations.

Among those cancellations identifying cause of termination, inability to agree on terms is the most frequently cited reason every year, followed by the intrusion of competing bidders and economic conditions.

CANCELLATIONS
1969—1986

Year	Gross M & A Announcements	Cancellations	Net M & A Announcements	Cancellations as a % of Gross Announcements
1969	6,727	620	6,107	9%
1970	5,679	527	5,152	9%
1971	4,940	332	4,608	7%
1972	5,116	315	4,801	6%
1973	4,364	324	4,040	7%
1974	3,169	308	2,861	10%
1975	2,564	267	2,297	10%
1976	2,453	177	2,276	7%
1977	2,374	150	2,224	6%
1978	2,277	171	2,106	8%
1979	2,347	219	2,128	9%
1980	2,067	178	1,889	9%
1981	2,558	163	2,395	6%
1982	2,535	189	2,346	7%
1983	2,695	162	2,533	6%
1984	2,761	218	2,543	8%
1985	3,237	236	3,001	7%
1986	3,535	199	3,336	6%

Source: W. T. Grimm & Co.

Figure 58.

The twenty largest cancellations are catalogued in Figure 59. Where available, the reason for each termination is also provided.

TWENTY LARGEST CANCELLATIONS
1986

Buyer **Seller**	**Approximate Value (millions)**	**Reason for Cancellation**
Private Group (led by Carl C. Icahn) USX Corp. (remaining 90.2%)	$ 7,211.4	USX in a massive restructuring drive redeemed $3 billion in guaranteed notes, raising the cost of the acquisition to over $10 billion. Doubt also as to Drexel Burnham Lambert's (Icahn's Financial Adviser which was currently under investigation in the Ivan Boesky case) ability to raise funds.
Private Group (led by Sir James Goldsmith) Goodyear Tire & Rubber Co. (remaining 88.5%)	4,707.9	Goodyear undertook restructuring and began self-tender offer, eventually buying out Goldsmith's 11.5% stake at $49.50/share.
Revlon Group Inc. Gillette Co. (remaining 86.2%)	4,121.8	Revlon agreed to sell back its 13.8% stake for $59.50/share. Gillette agreed to dismiss pending litigation against Revlon.
Dart Group Corp. Safeway Stores Inc.	3,664.4	Safeway Stores was taken private by Kohlberg Kravis Roberts & Co. at $4,198.4 million.
Campeau Corp. Allied Stores Corp. (remaining 95.5%)	3,470.0	The tender offer was cancelled as Campeau acquired 52% stake in Allied through open market transactions. (W.T. Grimm does not record open market acquisitions). Financial backing was provided by First Boston Corp.
First Interstate Bancorp. BankAmerica Corp.	3,440.4	First Interstate withdrew offer in February 1987. Strong stock market enabled B of A to plan a $1 billion offering of new securities, blunting First Interstates' argument that B of A wasn't healthy enough to make it on its own.
Private Group (led by Edward J. DeBartolo Corp.) Allied Stores Corp.	3,155.6	Offer is terminated as Campeau Corp. acquired majority interest in Allied Stores on open market.
American Brands Inc. Chesebrough-Pond's Inc.	2,815.5	American Brands' unfriendly bid of $66 per share was topped by Unilever's winning bid of $3.1 billion ($72.50 per share).
Star Partners (led by Wagner & Brown) Panhandle Eastern Corp.	2,254.5	Panhandle rejected offer, viewing bid as inadequate.
Wickes Cos. Owens Corning Fiberglass Corp.	2,212.6	Wickes terminated offer, citing unfavorable status of Owens Corning's recapitalization efforts.
Mesa Limited Partnership Diamond Shamrock Corp.	2,000.0	T. Boone Pickens withdrew bid, accusing Diamond Shamrock of "barricading itself within a fortress." Actually, Diamond had restructured itself to look more attractive to shareholders than the prospect of a Pickens takeover.
Private Group (led by Asher Edelman) Lucky Stores Inc. (remaining 97%)	1,894.4	Lucky Stores rejected offer, began self- tender, and undertook restructuring.
Wickes Cos. Lear Siegler Inc.	1,732.2	Wickes dropped its offer when bankers showed no interest in funding it. Lear Siegler accepted (Feb. 1987) a $1.7136 million offer from a more congenial partner, Forstmann, Little & Co.
American Express Co. E.F. Hutton Group Inc.	1,596.1	Hutton claimed that formal offer was never received.
AFG Parners (AFG Industries and Wagner & Brown) Lear Siegler Inc.	1,583.2	Original offer cancelled in November, reinstated in December after Wickes backed off only to be cancelled again because of uncertainties in tax law.
First City Financial Corp. Ashland Oil Co. (remaining 92%)	1,546.5	Ashland agreed to buy back 8% stake from First City at $51 per share.
Wickes Cos. National Gypsum Co.	1,461.3	National Gypsum accepted higher offer from Management Group.
Private Group (formed by Lorimar-Telepictures) SCI Holdings Inc. (six TV stations)	1,450.0	Offer was mutually terminated.
Private Group (led by Management) Beverly Enterprises	1,411.8	Beverly could not reach favorable terms with management.
Private Group (led by E.J. DeBartolo) Carter Hawley Stores Inc.	1,183.9	Carter rejected offer and it was subsequently withdrawn.

Source: W. T. Grimm & Co.

Figure 59.

Additional information on cancelled transactions begins on page 191 of the Transaction Roster.

COMMENTARY/OUTLOOK

Merger-Acquisition Activity

Mergers, acquisitions and divestitures increased in each of the last four years, reaching a 13-year record in 1986 with 3,336 transactions. This faster-paced and robust level of activity is a by-product of two major forces dominating the corporate landscape: (1) financial and/or operational restructuring, and (2) the accessibility of a variety of financing sources.

The New Tax Law

The passage of the Tax Reform Act of 1986 on October 22nd resulted in a rush to complete as many merger transactions as possible by December 31, 1986, in order to take advantage of two features of the old tax law: (1) the 20% tax on capital gains in 1986 vs. the 28% rate in 1987, and (2) the opportunity to avoid double taxation on net gains at both the corporate and personal level under the 50-year old General Utilities doctrine, which was repealed in the new law. Smaller companies valued under $10,000,000 are allowed a two-year extension on the use of the General Utilities doctrine until December 31, 1988.

The new tax law will have an important effect on the way future merger and acquisition transactions are structured. It appears there will be more tax-free deals in order to avoid the impact of the elimination of the General Utilities doctrine, which means increased use of the buyer's stock instead of cash as the medium of payment. Publicly owned corporations with marketable stock will enjoy an advantage over leveraged buyout groups or other cash buyers who cannot do tax-free deals.

Price expectations of both buyers and sellers will be affected by the new law. The reduction in the corporate tax rate from 46% to 34% over the next two years will exert an upward effect on prices. Also, the increase in the capital gains rate from 20% to 28% will cause sellers to ask higher prices. On the other hand, prices will be depressed by repeal of the General Utilities doctrine, elimination of investment tax credits, and the lengthening of depreciable lives of fixed assets.

Restructuring

The current wave of restructuring reflects a widespread corporate response to a disinflationary economic environment at home and intensified competition from foreign economies. As inflation began its downward spiral, companies could no longer cover their costs with price hikes. Foreign competition added further pressure to withhold price increases. Market growth and penetration were the key ingredients to improving sales and profits. Consequently, companies instituted programs stressing cost-cutting, quality control, product expansion and diversification, and debt management. The underlying goal is the establishment of efficient and leaner operations to withstand the pressures of changing economic and market conditions, and the ultimate reward for restructuring initiatives is an increase in the company's stock price.

A more recent powerful motivation for restructuring is the fear of corporate raiders and hostile takeover attempts. Since low stock valuations and high asset values attract these agressive investors, corporate managers are implementing restructuring programs that will result in higher stock prices for their companies.

Financing

The easy availability of financing is the second most significant factor fueling merger and acquisition activity. Deregulation of the financial service industry, the development of the commercial paper market, and the growing risk of third-world loans prompted banks to aggressively pursue the more lucrative area of acquisition financing. In addition to the commercial banks' participation, the creation of pooled funds has also brought additional capital to the acquisition arena, particularly the leveraged buyout market. Also noteworthy is an increasing willingness among foreign financial institutions to participate in acquisition funding. Most important, however, has been the ever-growing usage of high-yielding, low-rated (junk) securities.

Junk Bonds

Junk bond financing has been instrumental in enabling corporate raiders and mid-sized companies to launch hostile takeovers, with one battle even resulting in the takeover of a billion-dollar company by a firm half the size. Concern over hostile offers grew throughout 1985, finally prompting the Federal Reserve Board to issue a rule governing the use of junk bonds in takeovers. Adopted on January 8, 1986, the rule limits the use of junk bonds issued by shell corporations to 50% of the purchase price of a target company, and applies only to hostile takeovers. While the new Federal Reserve ruling was designed to curtail hostile activity, critics maintain that the junk bond restriction is so narrow in the types of corporations affected that it will have a negligible effect on hostile takeovers. For instance, the margin requirements involve only transactions in which a shell corporation, not an operating company, is used as an acquisition vehicle. Furthermore, in those cases where a shell corporation is utilized, the takeover will be exempt from margin requirements if the debt securities are guaranteed by the parent company. In view of the fact that hostile takeovers account for a very small percentage of overall merger-acquisition activity, let alone hostile takeovers involving junk bond issues, the Federal Reserve ruling will hardly make a dent in corporate takeover activity.

Poison Pills

The poison pill is also expected to dampen hostile takeover activity. Since the Delaware Supreme Court upheld the validity of the poison pill defense strategy in November, 1985, a growing number of companies have adopted this popular shark repellent. Critics, again, argue that the pill thwarts only two-tier tender offers, which do not amount to a significant portion of activity. Hence, the poison pill should not have a material effect on acquisition activity.

Hostile Offers

The recent explosive rise in the stock market, however, will most likely serve as a brake on hostile acquisitions. With stock prices on the upswing, hostile offers will be more expensive and difficult to pursue. At the same time, the bullish stock market will further stimulate friendly and strategic alliances by prompting companies to consider their stock as the medium of payment in an acquisition. Companies that have sat out the current merger spree may now actively pursue acquisitions provided their stocks are selling at high multiples.

The Stock Market

The bull market in stocks has had a greater effect on blue-chip and primary stocks than on secondary stocks. Consequently, while billion-dollar deals may subside, middle market acquisitions - transactions in the $25 million to $500 million range - should continue to increase.

Foreign Buyers

Foreign buyers, reaching a new high in 1986, are expected to continue in ever-increasing numbers in 1987-88. Three reasons: (1) U.S. markets are vast with plenty of room for growth; (2) the U.S. is the most stable country in the world, both economically and politically; and (3) U.S. markets are largely free of regulation, with certain exceptions (e.g., defense, broadcasting).

Potential Legislation

Congress, in the meantime, is considering stringent new laws in light of the insider trading scandal. Under scrutiny, anything to prevent hostile takeovers: bans on greenmail, a tax on securities transactions, an end to junk-bond financing of raids, more money for government enforcement.

Outlook

Industries that will witness a higher rate of acquisitions include banking and high-technology. Bank mergers should surpass the level attained in 1986. More states, especially in the Midwest, have enacted, or are in the process of enacting, regional banking legislation. This will provide ample acquisition opportunities and further spread banking acquisitions from the already active Southeast and New England areas to other parts of the country. As high-tech industry continues to undergo competitive pressures, more companies will consolidate their operations to fund growth and research and development activities. On the whole, as the U. S. economy continues to move away from manufacturing toward services, acquisition activity among service companies will increase. Under the Tax Reform Act of 1986, service companies will become prime acquisition candidates because they will benefit from the lower tax rates and will not suffer from the loss of the investment tax credit.

II.

HISTORICAL DATA CHECKLIST
A Twenty-Four Year Summary
1963 — 1986

TWENTY-FOUR YEAR STATISTICAL REVIEW

		1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Net M & A Announcements		1,361	1,950	2,125	2,377	2,975	4,462	6,107	5,152	4,608	4,801	4,040	2,861
Total Dollar Value Paid *(billions of dollars)*		*	*	*	*	*	43.6	23.7	16.4	12.6	16.7	16.7	12.5
$100 Million-Plus Deals		*	*	*	*	*	46	24	10	7	15	28	15
Method of Payment	Cash	*	64%	67%	60%	36%	29%	32%	29%	32%	34%	41%	48%
	Stock	*	36%	30%	35%	60%	62%	57%	52%	49%	51%	44%	33%
	Combination	*	*	3%	5%	4%	9%	11%	16%	17%	14%	14%	16%
	Debt	#	#	#	#	#	#	#	3%	2%	1%	1%	3%
Divestitures		*	*	191	264	328	557	801	1,401	1,920	1,770	1,557	1,331
Acquisitions of Publicly Traded Sellers		*	*	*	*	*	*	*	*	*	*	*	68
Acquisitions of Privately Held Sellers		*	*	*	*	*	*	*	*	*	*	*	*
Total Foreign Sellers		*	*	*	*	*	*	*	*	*	531	323	257
Total Foreign Buyers		*	*	*	*	*	*	*	*	*	88	143	173
Average P/E Paid		*	20.7	19.4	16.5	17.6	24.6	21.0	23.1	24.3	21.4	18.9	13.5
Average Premium Paid Over Market		*	*	*	*	*	25.1	25.7	33.4	33.1	33.8	44.5	50.1
Cancelled Transactions		*	*	*	*	*	*	620	527	332	315	324	308

*Item not tracked during that year.

A separate count for debt payments began in 1970.

TWENTY-FOUR YEAR STATISTICAL REVIEW (Continued)

		1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Net M & A Announcements		2,297	2,276	2,224	2,106	2,128	1,889	2,395	2,346	2,533	2,543	3,001	3,336
Total Dollar Value Paid *(billions of dollars)*		11.8	20.0	21.9	34.2	43.5	44.3	82.6	53.8	73.1	122.2	179.8	173.1
$100 Million–Plus Deals		14	39	41	80	83	94	113	116	138	200	270	346
Method of Payment	Cash	48%	52%	54%	46%	53%	47%	42%	38%	32%	43%	51%	42%
	Stock	27%	26%	26%	30%	26%	31%	34%	29%	35%	26%	23%	32%
	Combination	23%	20%	18%	23%	20%	21%	23%	31%	33%	30%	26%	26%
	Debt	2%	2%	2%	1%	1%	1%	1%	2%	—	1%	—	—
Divestitures		1,236	1,204	1,002	820	752	666	830	875	932	900	1,218	1,259
Acquisitions of Publicly Traded Sellers		130	163	193	260	248	173	168	180	190	211	336	386
Acquisitions of Privately Held Sellers		*	856	971	969	1,049	988	1,330	1,222	1,316	1,351	1,358	1,598
Total Foreign Sellers		178	126	112	98	119	102	101	121	146	147	175	93
Total Foreign Buyers		184	178	162	199	236	187	234	154	125	151	197	264
Average P/E Paid		13.3	15.1	13.8	14.3	14.3	15.2	15.6	13.9	16.7	17.2	18.0	22.2
Average Premium Paid Over Market		41.4	40.4	40.9	46.2	49.9	49.9	48.0	47.4	37.7	37.9	37.1	38.2
Cancelled Transactions		267	177	150	171	219	178	163	189	162	218	236	199

**Item not tracked during that year.*

THE W. T. GRIMM & CO. RECORD HOLDERS

Item	Record	Year Attained
Net Merger & Acquisition Announcements	6,107	1969
Total Dollar Value Paid	$179.8 billion	1985
$100 Million-Plus Deals	346	1986
Cash Payments	67%	1965
Stock Payments	62%	1968
Combination Payments	33%	1983
Divestitures	1,920	1971
Acquisitions of Publicly Traded Sellers	386	1986
Acquisitions of Privately Held Sellers	1,598	1986
Foreign Sellers	531	1972
Foreign Buyers	264	1986
Average P/E Paid	24.6X	1968
Average Premium Paid Over Market	50.1%	1974

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Selected Acquisition Record Holders

Largest Acquisitions in U.S. Corporate History

Buyer Seller	Price Paid (millions)	Year Announced
1. Chevron Corp. Gulf Corp.	$13,205.6	1984
2. Texaco, Inc. Getty Oil Co.	10,128.9	1984
3. DuPont Co. Conoco, Inc.	8,039.8	1981
4. U.S. Steel Corp. Marathon Oil Co.	6,618.5	1981
5. General Electric Corp. RCA Corp.	5,965.1	1985

Largest Non-Oil Acquisitions in U.S. Corporate History

Buyer Seller	Price Paid (millions)	Year Announced
1. General Electric Corp. RCA Corp.	5,965.1	1985
2. Philip Morris Cos. General Foods Corp.	5,627.5	1985
3. Kohlberg, Kravis, Roberts & Co. Beatrice Cos.	5,361.6	1985
4. Santa Fe Industries Inc. Southern Pacific Co.	5,099.1	1983
5. General Motors Co. Hughes Aircraft Co.	5,025.0	1985

Largest Acquisitions of Publicly Traded Sellers

Buyer Seller	Price Paid (millions)	Year Announced
1. Chevron Corp. Gulf Corp.	13,205.6	1984
2. Texaco, Inc. Getty Oil Co.	10,128.9	1984
3. DuPont Co. Conoco, Inc.	8,039.8	1981
4. U. S. Steel Corp. Marathon Oil Co.	6,618.5	1981
5. General Electric Corp. RCA Corp.	5,965.1	1985

Largest Statutory Mergers

Buyer Seller	Price Paid (millions)	Year Announced
1. Santa Fe Industries, Inc. Southern Pacific Co.	5,099.1	1983
2. Connecticut General Corp. INA Corp.	4,211.7	1981
3. Kraft Inc. Dart Industries, Inc.	2,400.0	1980
4. Cleveland Electric Illuminating Co. Toledo Edison Co.	2,386.0	1985
5. Freeport Minerals Co. McMoran Oil & Gas Co.	2,319.9	1980

Buyer Seller	Price Paid (millions)	Year Announced
Largest Acquisitions of Privately Owned Sellers		
1. General Motors Co. Hughes Aircraft Co.	$ 5,025.0	1985
2. Shell Oil Co. Belridge Oil Co.	3,653.0	1979
3. Rockwell International Corp. Allen-Bradley Co.	1,650.0	1985
4. Coca Cola Corp. JTL Corp.	1,400.0	1986
5. Gannett Co. Inc. Evening News Association	717.1	1985
Largest Divestitures		
1. Broken Hill Proprietary Co. - Australia General Electric Co. (Utah International Inc.)	2,400.0	1983
2. Sun Co. Inc. Seagram Co. Ltd. - Canada (Texas Pacific Oil Co.)	2,300.0	1980
3. Olympia & York Developments Ltd. - Canada Chevron Corp. (its 60.2% interest in Gulf Canada Ltd.)	2,042.3	1985
4. Phillips Petroleum Co. R.J. Reynolds Industries Inc. (energy operations)	1,700.0	1984
5. Private Group - led by Kohlberg, Kravis, Roberts and Union Texas mgmt. Allied Corp. (50% of Union Texas Petroleum)	1,700.0	1985
Largest Acquisitions of U.S. Companies by Foreign Buyers		
1. Royal Dutch/Shell Group - Netherlands Shell Oil Co. - remaining 30.5%	5,467.9	1984
2. Societe Nationale Elf Aquitaine - France Texasgulf, Inc.	4,293.7	1981
3. Unilever N.V. - Netherlands Chesebrough-Pond's Inc.	3,092.8	1986
4. Nestle S.A. - Switzerland Carnation Co.	2,885.4	1984
5. Hoechst AG - West Germany Celanese Corp.	2,866.5	1986
Largest Acquisitions of Foreign Companies by U.S. Buyers		
1. Sun Co. Inc. Seagram Co. Ltd. - Canada (Texas Pacific Oil Co.)	2,300.0	1980
2. Wells Fargo & Co. Midland Bank PLC - United Kingdom (Crocker National Corp.)	1,080.0	1986
3. Trafalgar Holdings Ltd. Grand Metropolitan PLC - United Kingdom (Intercontinental and Forum chains)	900.0	1986
4. American Express Co. Trade Development Bank Holding S.A.-Switzerland	550.0	1983
5. U.S. Steel Corp. Husky Oil Ltd. - Canada (Husky Oil Co. - U.S.)	505.0	1984

Largest Going Private Transactions

Buyer Seller	Price Paid (millions)	Year Announced
1. Kohlberg, Kravis, Roberts & Co. Beatrice Cos.	$ 5,361.6	1985
2. SSI Holdings Corp. Safeway Stores Inc.	4,198.4	1986
3. Kohlberg, Kravis, Roberts & Co. Owens-Illinois Inc.	3,631.9	1986
4. Private Group R.H. Macy & Co.	3,484.7	1985
5. Private Group Viacom International Inc.	1,613.8	1986

Largest Unit Management Buyouts

Buyer Seller	Price Paid (millions)	Year Announced
1. Private Group - led by Kohlberg, Kravis Allied Corp. (50% of Union Texas Petroleum)	1,700.0	1985
2. Private Group - Management of division Exxon Corp. (Reliance Electric Co.)	1,350.0	1986
3. Private Group - Led by Kohlberg, Kravis City Investing Co. (Rheem Mfg. Co., World Color Press Inc., Uarco Inc.)	1,251.0	1984
4. Private Group - led by Playtex Management Beatrice Cos. (International Playtex Inc.)	1,250.0	1986
5. Private Group Union Carbide Corp. (Home and Auto Products Div.)	800.0	1986

Largest Cancellations

Buyer Seller	Price Paid (millions)	Year Announced
1. Mobil Corp. Conoco, Inc.	8,845.8	1981
2. Private Group - led by T. Boone Pickens Unocal Corp.	8,104.8	1985
3. Private Group - led by Carl Icahn Phillips Petroleum Corp.	8,056.4	1985
4. Private Group - led by Carl Icahn USX Corp. (remaining 90.2%)	7,211.4	1986
5. Hospital Corp. of America American Hospital Supply Corp.	6,758.7	1985

Industry Record Holders

Agricultural Production

Buyer Seller	Price Paid (millions)	Year Announced
1. Loews Theatres Lorillard Corp.	727.4	1968
2. Shamrock Holdings Central Soya Co. (remaining 89.2%)	301.9	1985
3. Private Group Gulf & Western Industries Inc. (all sugar operations in Florida and Dominican Republic)	200.0	1984
4. Private Group - led by Brewer mgmt. IU International Corp. (C. Brewer & Co.)	200.0	1986
5. Sandoz Ltd. Northrup, King & Co.	186.7	1976

Buyer Seller	Price Paid (millions)	Year Announced
Food Processing		
1. Phillip Morris Cos. General Foods Corp.	$ 5,627.5	1985
2. Kohlberg Kravis Roberts & Co. Beatrice Cos.	5,361.6	1985
3. R.J. Reynolds Ind. Inc. Nabisco Brands Inc.	4,906.4	1985
4. Nestle S.A. - Switzerland Carnation Co.	2,885.4	1984
5. Beatrice Foods Co. Esmark Inc.	2,508.6	1984
Beverages		
1. Coca Cola Co. JTL Corp.	1,400.0	1986
2. Coca Cola Co. Beatrice Cos. (certain bottling assets)	1,000.0	1986
3. Pepsico Inc. M.E.I. Corp.	683.0	1985
4. Beatrice Cos. Northwest Industries, Inc. (Beverage Group)	600.0	1981
5. Private Group Dr. Pepper Co.	512.2	1983
Apparel		
1. Private Group Levi Strauss & Co. (remaining 60%)	1,108.2	1985
2. Private Group Blue Bell Inc.	522.3	1984
3. Private Group - includes principal of Spectrum Group Warnaco Inc.	471.6	1986
4. V F Corp. Blue Bell Holding Co.	361.0	1986
5. West Point Pepperell Cluett Peabody & Co.	330.9	1985
Textiles		
1. Wickes Cos. Inc. Collins & Aikman Corp.	1,155.4	1986
2. Pacific Holding Corp. Cannon Mills Co.	412.8	1982
3. Private Group Cone Mills Corp.	385.1	1983
4. Private Group Albany International Corp.	270.4	1983
5. Springs Industries Inc. M. Lowenstein Corp.	262.8	1985

Buyer Seller	Price Paid (millions)	Year Announced
Timber & Forest Products		
1. Champion International Corp. St. Regis Corp.	$ 1,813.7	1984
2. Maxxam Group Inc. Pacific Lumber Co. (remaining 95.4%)	828.6	1985
3. International Paper Co. Bodcaw Co.	805.0	1979
4. Kohlberg, Kravis, Roberts & Co. Bendix Corp. (Forest Products Group)	435.0	1980
5. British Columbia Forest Products - Canada ITT Corp. (Rayonier Canada Div.)	365.0	1980
Paper		
1. International Paper Co. Hammermill Paper Co.	1,077.2	1986
2. Canadian Pacific Enterprises - Canada International Paper Co. (Canadian International Paper Co.)	880.0	1981
3. Johns-Manville Corp. Olinkraft, Inc.	581.2	1978
4. James River Corp. American Can Co. (Dixie towel, tissue and folding carton busines)	420.0	1982
5. Private Group Papercraft Corp.	280.5	1985
Packaging & Containers		
1. Kiewit-Murdock Investment Co. Continental Group Inc.	2,482.0	1984
2. Private Group - Jefferson Smurfit Corp. and Morgan Stanley & Co. Mobil Corp. (Container Corp. of America)	700.0	1986
3. Triangle Industries Inc. American Can Co. (packaging operations)	570.0	1986
4. Fort Howard Paper Co. Maryland Cup Corp.	535.1	1983
5. Stone Container Corp. Champion International Corp. (most packaging operations)	457.0	1985
Furniture		
1. Interco Inc. Lane Inc.	505.1	1986
2. Fibic Corp. Congoleum Corp.	446.6	1979
3. Masco Corp. Henredon Furniture Inds. Inc.	301.6	1986
4. Masco Corp. Merrillatt Industries	219.3	1985
5. Beta Partners Triangle Pacific Corp.	201.5	1986

Buyer Seller	Price Paid (millions)	Year Announced
Building Products & Materials		
1. Private Group - led by mgmt. National Gypsum Co.	$ 1,327.0	1985
2. U.S. Gypsum Co. Masonite Corp.	377.9	1984
3. Genstar Ltd. Flintkote Co.	305.8	1979
4. L.B. Foster Co. Kidder Inc. (hardware building units)	300.0	1985
5. Private Group H.H. Robertson Co. (remaining 98.2%)	243.4	1985
Household Goods		
1. Brown-Forman Distillers Corp. Lenox, Inc.	814.3	1983
2. AB Electrolux - Netherlands White Consolidated Industries Inc.	742.7	1986
3. Maytag Co. Magic Chef Inc.	691.2	1986
4. Chicago Pacific Hoover Co.	534.1	1985
5. Allegheny International Inc. Sunbeam Corp.	475.7	1981
Printing & Publishing		
1. Gannett Co. Inc. Evening News Association	717.1	1985
2. Gulf & Western Industries Inc. Prentice-Hall Inc.	705.3	1984
3. Times Mirror Co. A. S. Abell Co.	600.0	1986
4. Private Group Harte-Hanks Communications Inc.	526.3	1984
5. Time Inc. S.F.N. Cos.	520.0	1986
Chemicals, Paints & Coatings		
1. Hoechst A.G. - West Germany Celanese Corp.	2,866.5	1986
2. Chesebrough-Ponds Stauffer Chemical Co.	1,218.0	1985
3. Occidental Petroleum Corp. Diamond Shamrock Corp. (Diamond Shamrock Chemicals Co.)	800.0	1986
4. Avery Inc. Uniroyal Inc. (Uniroyal Chemical Co.)	760.0	1986
5. Imperial Chemical Industries PLC - United Kingdom Beatrice Cos. (Chemical operations)	750.0	1984

Buyer Seller	Price Paid (millions)	Year Announced
Drugs, Medical Supplies & Equipment		
1. Baxter Travenol Labs American Hospital Supply Corp.	$ 3,702.6	1985
2. Monsanto Co. G.D. Searle & Co.	2,717.1	1985
3. Proctor & Gamble Co. Richardson-Vicks Inc.	1,611.4	1985
4. Schering Corp. Plough Inc.	1,428.6	1970
5. Rorer Group Inc. Pantry Pride Inc. (ethical drug div.)	690.0	1985
Toiletries & Cosmetics		
1. Pantry Pride Inc. Revlon Inc.	1,638.7	1985
2. Yves Saint Laurent S.A. Squibb Corp.	631.0	1986
3. Norton Simon, Inc. Max Factor & Co.	474.2	1972
4. Private Group Mary Kay Cosmetics Inc. (remaining 70%)	405.1	1985
5. Pantry Pride Inc. Beatrice Cos. (cosmetics business of Playtex)	375.0	1986
Plastics & Rubber		
1. Private Group Uniroyal Inc.	747.3	1985
2. Fort Howard Paper Co. Lily Tulip Inc.	325.8	1986
3. Envirodyne Ind. Inc. Union Carbide Corp. (film packaging div.)	230.0	1985
4. Private Group American Cyanamid Co. (Formica plastic laminate business)	200.0	1984
5. Occidental Petroleum Corp. Firestone Tire & Rubber Co. (Firestone Plastics Co.)	200.0	1980
Stone, Clay & Glass		
1. Kennecott Copper Carborundum Co.	525.1	1977
2. California Portland Cement Co. Conrock Co.	358.0	1984
3. Canada Cement Lafarge Ltd. - Canada General Portland Inc.	325.6	1981
4. C. H. Beazer Holdings PLC - United Kingdom Gifford Hill & Co. Inc.	274.5	1986
5. Lone Star Industries Inc. Gulf & Western Industries Inc. (Marquette Co.)	267.0	1982

Buyer Seller	Price Paid (millions)	Year Announced
Primary Metal Processing		
1. Alcan Aluminum Ltd. - Canada Atlantic Richfield Co. (most aluminum operations)	$ 896.0	1984
2. LTV Corp. Republic Steel Corp.	744.8	1983
3. Atlantic Richfield Co. Anaconda Co.	678.9	1976
4. Amax Inc. Alumax Inc. (remaining 50%)	435.0	1986
5. LTV Corp. Jones & Laughlin Industries Inc. (63%)	425.0	1968
Fabricated Metal Products		
1. Illinois Tool Works Signode Corp.	500.0	1986
2. Household International Inc. Wallace Murray Corp.	332.0	1981
3. Aluminum Company of America TRE Corp.	315.9	1986
4. International Telephone & Telegraph Corp. Grinnel Corp.	251.2	1968
5. Armco Inc. Ladish Co.	248.9	1981
Industrial & Farm Equipment & Machinery		
1. Textron Inc. Ex-Cell-O Corp.	1,047.5	1986
2. J. Ray McDermott Babcock & Wilcox	720.1	1977
3. Private Group - Senior Management & ESOP Amsted Industries Inc.	661.1	1986
4. Wheelabrator-Frye Inc. Pullman, Inc.	584.6	1980
5. American Standard, Inc. Trane Co.	511.3	1983
Construction, Mining & Oil Field Machinery/Equipment		
1. Cooper Industries Inc. Gardner-Denver Co.	629.3	1979
2. Private Group - formed by Adler & Shaykin Joy Manufacturing Co.	621.0	1986
3. Esco Corp. Hyster Co.	340.5	1983
4. Penn Central Corp. Marathon Manufacturing Co.	333.9	1979
5. Bendix Corp. Warner & Swasey Co.	290.0	1979

Buyer Seller	Price Paid (millions)	Year Announced
Valves, Pumps & Hydraulics		
1. McGraw-Edison Co. Studebaker-Worthington Inc.	$ 727.8	1979
2. Reading Co. Gould Inc. (Industrial Products Group)	380.0	1981
3. Libbey-Owens-Ford Co. Sperry Corp. (Vickers unit)	265.0	1983
4. Joy Manufacturing Co. ACF Industries Inc. (WKM Division)	230.0	1984
5. Tyco Labs ITT Corp. (certain assets of Grimmell Corp.)	225.0	1985
Autos & Trucks		
1. Toyo Kogyo Ltd. - Japan Ford Motor Co. (Ford Industries Inc.)	400.0	1979
2. Daimler Benz - West Germany Consolidated Freightways Inc. (Freightliner Corp.)	225.0	1981
3. LTV Corp. American Motors Corp. (A M General Corp.)	170.0	1983
4. Hanley Davidson Inc. Holiday Rambler Corp.	155.0	1986
5. Renault - France American Motors (46.4%)	122.5	1980
Automotive Products & Accessories		
1. Private Group - led by Merrill Lynch and management Fruehauf Corp.	721.5	1986
2. Johnson Controls Inc. Hoover Universal	487.3	1985
3. P.S.A. Peugeot Citroen - France Chrysler Corp. (European operations)	426.0	1978
4. Thyssen A.G. - West Germany Budd Co.	245.9	1978
5. Arvin Industries Inc. Swiss Aluminum Ltd. - Switzerland (Maremont Corp.)	245.0	1986
Electrical Equipment		
1. Ralston Purina Co. Union Carbide Corp. (Battery Division)	1,420.0	1986
2. Private Group - Management of division Exxon Corp. (Reliance Electric Co.)	1,350.0	1986
3. IBM Corp. Rolm Corp.	1,245.8	1984
4. Exxon Corp. Reliance Electric Co.	1,160.0	1979
5. Cooper Industries Inc. McGraw-Edison	1,076.6	1985

Buyer Seller	Price Paid (millions)	Year Announced
Office Equipment & Computer Hardware		
1. Burroughs Corp. Sperry Corp.	$ 4,394.2	1986
2. Xerox Corp. Scientific Data Systems Inc.	999.9	1969
3. Emerson Electric Co. Liebert Corp.	430.0	1986
4. Harris Corp. Lanier Business Products Inc.	358.0	1983
5. A.T. & T. Corp. Ing. C. Olivetti & Co. - Italy (25%)	260.0	1983
Electronics		
1. Allied Corp. Signal Cos.	4,476.1	1985
2. Rockwell International Allen-Bradley	1,650.0	1985
3. Penn Central Corp. G.K. Technologies Inc.	699.6	1981
4. Signal Cos. Ampex Corp.	431.6	1980
5. United Technologies Corp. Mostek Corp.	364.8	1979
Aerospace, Aircraft & Defense		
1. General Motors Co. Hughes Aircraft Co.	5,025.0	1985
2. Lockheed Corp. Sanders Associates Inc.	1,174.9	1986
3. Bendix Corp. Martin Marietta Corp. (70%)	1,118.3	1982
4. Honeywell Inc. Burroughs Corp. (Unysis) (Sperry Aerospace)	1,030.0	1986
5. Chrysler Corp. Gulfstream Aerospace	640.6	1985
Instruments & Photographic Equipment		
1. Smith Kline Corp. Beckman Instruments Inc.	1,045.1	1981
2. Siebe PLC - United Kingdom Robertshaw Controls Co.	557.5	1986
3. Litton Industries Inc. Itek Corp.	238.5	1983
4. Combustion Engineering Inc. Accuray Corp.	189.0	1986
5. Siebe PLC - United Kingdom Ranco Inc.	148.4	1986

Buyer Seller	Price Paid (millions)	Year Announced
Toys & Recreational Equipment		
1. Brunswick Corp. Bayliner Marine Corp.	$ 425.0	1986
2. Hasbro Industries Inc. Milton Bradley Co.	352.0	1984
3. Brunswick Corp. Ray Industries Inc.	350.0	1986
4. Private Group Warner Communications Inc. (Atari Inc.)	240.0	1984
5. Clayton & Dubilier Inc. Minstar Inc. (AMF Bowling)	225.0	1986
Miscellaneous Manufacturing		
1. Private Group - Management of division Beatrice Cos. (International Playtex)	1,250.0	1986
2. Hallmark Cards, Inc. Binney & Smith, Inc.	203.8	1984
3. Textron Inc. Talon Inc.	203.8	1968
4. Allied Signal Oak Industries Inc. (Materials Group)	160.0	1985
5. Talley Industries Inc. General Time Corp.	124.7	1969
Oil & Gas		
1. Chevron Corp. Gulf Corp.	13,205.6	1984
2. Texaco Inc. Getty Oil Co.	10,128.9	1984
3. DuPont Co. Conoco, Inc.	8,039.8	1981
4. U.S. Steel Marathon Oil	6,618.5	1981
5. Mobil Superior	5,725.8	1984
Mining & Minerals		
1. Societe Nationale Elf Aquitaine - France Texasgulf, Inc.	4,293.7	1981
2. Fluor Corp. St. Joe Minerals Corp.	2,694.2	1981
3. Broken Hill Proprietary Co. - Australia General Electric Co. (Utah International Inc.)	2,400.0	1983
4. Standard Oil - Ohio Kennecott Corp.	2,061.3	1981
5. General Electric Utah International	1,906.5	1975

Buyer Seller	Price Paid (millions)	Year Announced
Transportation		
1. Santa Fe Industries Inc. Southern Pacific Co.	$ 5,099.1	1983
2. Southern Railway Norfolk & Western Railway	1,730.2	1980
3. Union Pacific Corp. Overnite Transportation Co.	1,200.0	1986
4. Chessie System Inc. Seaboard Coast Line Industries Inc.	1,037.5	1978
5. Union Pacific Corp. Missouri Pacific	920.1	1980
Communications		
1. Continental Telecom Inc. Communications Satellite Corp.	2,417.6	1986
2. Southwestern Bell Corp. Metromedia Inc. (cellular phone operations)	1,200.0	1986
3. G.T.E. Corp. Southern Pacific Co. (Sprint & Spacenet units)	750.0	1982
4. MCI communications IBM (Satellite business systems)	459.4	1985
5. Mid-Continent Telephone Co. Allied Telephone Co.	434.9	1983
Broadcasting		
1. Capital Cities American Broadcasting	3,526.8	1985
2. Private Group Viacom International Inc. Cancelled in March 1987	1,613.8	1986
3. Group of Cos. Westinghouse (Group W. Cable)	1,600.0	1985
4. Private Group Storer Communications	1,569.3	1985
5. Private Group Metromedia Inc.	1,467.9	1983
Electric, Gas, Water & Sanitary Services		
1. Cleveland Electric Toledo Edison	2,386.0	1985
2. Waste Management and Genstar Inc. SCA Services Inc.	407.2	1984
3. American Electric Power Co. Columbus & Southern Ohio Electric Co.	387.4	1980
4. Osceola Energy Inc. Alamito Co.	376.5	1986
5. Continental Group Inc. Florida Gas Co.	319.7	1979

Buyer Seller	Price Paid (millions)	Year Announced
Wholesale & Distribution		
1. Private Group Malone & Hyde, Inc.	$ 548.3	1984
2. Private Group - formed by Kelso & Co. Beatrice Cos. (Americold)	480.0	1986
3. Wesray Capital Corp. Beneficial Corp. (Western Auto Supply Co.)	300.0	1985
4. Genuine Parts Co. General Automotive Parts Corp.	250.2	1981
5. Distillers Co. - Britain Esmark, Inc. (Somerset Importers Ltd.)	250.0	1984
Retail		
1. SSI Holdings Corp. - Kohlberg, Kravis, Roberts & Co. Safeway Stores Inc.	4,198.4	1986
2. Private Group R. H. Macy & Co.	3,484.7	1985
3. May Department Stores Co. Associated Dry Goods Corp.	2,638.0	1986
4. Mobil Corp. Marcor, Inc.	1,687.2	1974 & 1976
5. Private Group - Management Revco D. S. Inc.	1,227.2	1986
Banking & Finance		
1. Wachovia Corp. First Atlanta Corp.	1,845.3	1985
2. Manufacturers Hanover Corp. RCA Corp. (C.I.T. Financial Corp.)	1,510.0	1983
3. RCA Corp. C.I.T. Financial Corp.	1,350.0	1979
4. Chemical New York Corp. Texas Commerce Bancshares Inc.	1,196.8	1986
5. Sun Banks, Inc. Trust Co. of Georgia	1,191.8	1984
Insurance		
1. Connecticut General Corp. INA Corp.	4,211.7	1981
2. American General Corp. NLT Corp.	1,593.7	1982
3. Xerox Corp. Crum & Forster	1,572.3	1982
4. ICH Corp. Tenneco Inc. (Insurance Operations)	1,500.0	1986
5. Baldwin-United Corp. MGIC Investment Corp.	1,174.5	1981

Real Estate

Buyer Seller	Price Paid (millions)	Year Announced
1. Private-Donald Brent Irvine Co. (86%)	$ 500.0	1983
2. Hooker Corp. Ltd. Merrill Lynch & Co. Inc. (commercial real estate brokerage)	500.0	1986
3. Olympia & York Development Ltd. - Canada National Kinney Corp. (9 office buildings)	350.0	1976
4. Trammell Crow Co. Jack A. Benaroya Co.	300.0	1984
4. Trizec Corp. - Canada Ernest W. Hahn Inc.	266.7	1980
5. Metropolitan Life Insurance Co. Transworld Corp. (Century 21 Real Estate)	251.0	1985

Brokerage, Investment & Management Consulting Services

Buyer Seller	Price Paid (millions)	Year Announced
1. American Express Co. Shearson Loeb Rhoades, Inc.	943.0	1981
2. American Express Co. Allegheny Corp. (Investors Diversified Services, Inc.)	829.1	1983
3. Sears Roebuck & Co. Dean Witter Reynolds Organization Inc.	607.0	1981
4. General Electric Co. Kidder, Peabody & Co.	600.0	1986
5. Phibro Corp. Salomon Brothers	550.0	1981

Computer Software, Supplies & Services

Buyer Seller	Price Paid (millions)	Year Announced
1. General Motors Corp. Electronic Data Systems Corp.	2,545.6	1984
2. Citicorp Quotron Systems Inc.	657.6	1986
3. Private Group - Management of division & Eli S. Jacobs Burroughs Corp. (Memorex - partial)	550.0	1986
4. Dow Jones & Co. and Oklahoma Publishing Co. Telerate Inc. (52%)	459.8	1985
5. McDonnell Douglas Corp. Tymshare, Inc.	305.7	1984

Construction Contractors & Engineering Services

Buyer Seller	Price Paid (millions)	Year Announced
1. Boise-Cascade Corp. Ebasco Industries Inc.	598.4	1969
2. Private Group Parsons Corp. (remaining 71%)	546.9	1984
3. Private Group - Management of div. & Gibbons, Green, van Amerongen Ltd. Congoleum Industries Inc. (Bath Iron Works Corp.)	500.0	1986
4. Natomas Co. Magma Power Co.	449.5	1981
5. NV Homes L.P. Ryan Homes Inc.	334.1	1986

Buyer Seller	Price Paid (millions)	Year Announced
Energy Services		
1. Kuwait Petroleum Corp. - Kuwait Santa Fe International Corp.	$ 2,486.1	1981
2. Schlumberger, Ltd. Sedco, Inc.	1,055.9	1984
3. Aetna Life & Casualty Co. Geosource, Inc. (remaining 71%)	609.7	1982
4. Schlumberger Ltd. Dow Chemical Co. (50% of Dowell oil-field services)	440.0	1984
5. Gearhart Industries Inc. Aetna Life & Casualty Co. (Geosource Inc.)	350.0	1984
Health Services		
1. American Medical International Inc. Lifemark Corp.	1,144.5	1983
2. Hospital Corp. of America INA Corp. (Hospital Affiliates International)	650.0	1981
3. Maxicare Health Plans Inc. Healthamerica Corp.	430.2	1986
4. Private Group - led by W.R. Grace & Co. National Medical Care Inc.	351.6	1984
5. Private Group - management & Pesch & Co. Republic Health Corp.	295.6	1986
Leisure & Entertainment		
1. Turner Broadcasting System Inc. MGM/UA Entertainment	1,507.0	1985
2. UAL Inc. Transworld Corp. (Hilton International Corp.)	980.0	1986
3. Pepsico Inc. RJR Nabisco Inc. (Kentucky Fried Chicken)	850.0	1986
4. Private - Marvin Davis Twentieth Century-Fox Film Corp.	683.4	1979
5. Private Group. Denny's Inc.	663.7	1984
Miscellaneous Services		
1. Dun & Bradstreet Corp. A.C. Nielsen Co.	1,571.2	1984
2. Private Group - Gerald P. Joyco, founder of Patrick Media Metromedia Inc. (Billboard operation)	710.0	1986
3. Marmon Group Trans Union Corp.	683.5	1980
4. UAL Inc. RCA Corp. (Hertz Corp.)	587.5	1985
5. Castle & Cooke Inc. Flexi-Van Corp.	559.0	1985

Buyer Seller	Price Paid (millions)	Year Announced
Conglomerate		
1. General Electric Company RCA Corp.	$ 5,965.1	1985
2. Private Group - Kohlberg, Kravis, Roberts & Co. & management Owens-Illinois Inc.	3,631.9	1986
3. Unilever N.V. Chesebrough Ponds Inc.	3,092.8	1986
4. Kraft, Inc. Dart Industries Inc.	2,400.0	1980
5. Forstmann Little & Co. Lear Siegler Inc.	1,713.6	1986

III.

MERGERSTAT® INDUSTRY ANALYSIS of 50 Seller-Based Classifications

1986

MERGERSTAT® INDUSTRY ANALYSIS

The following statistics are provided for each of the 50 seller-based W. T. Grimm & Co. industry classifications:

Net Announcements — the total number of completed or pending transactions as of 12/31/86.

VALUATION OF TRANSACTIONS

Price Paid — the total dollar value paid expressed in millions of dollars.

Base — the number of transactions disclosing a purchase price, i.e., the base on which total dollar value was tabulated.

Price/Earnings Paid — the average P/E paid.

Base — the number of transactions disclosing the seller's earnings, i.e., the base on which average P/E paid was computed.

Percent Premium Paid — the average premium paid over sellers' market prices five business days prior to the initial announcement.

Base — the number of transactions where a premium paid over market was computed.

METHOD OF PAYMENT

Cash — the number of transactions where cash was used as payment.

Stock — the number of transactions where stock was used as payment.

Combination — the number of transactions where a combination of cash, stock and/or debt was used.

Debt — the number of transactions where straight and/or convertible debt was used.

Divestitures — the number of divisional/partial sales; divestiture figure is included in net announcements.

Foreign Buyers — the number of transactions involving foreign buyers.

FULL YEAR — 1986

Industry Classification of Seller	Net Announcements	VALUATION OF TRANSACTIONS						METHOD OF PAYMENT				Divestitures	Number Foreign Buyers
		Price Paid (Millions)	Base	Price/Earnings Paid	Base	Percent Premium Paid	Base	Cash	Stock	Combination	Debt		
Agricultural Production	10	$ 300.2	7	5.7	1	26.3%	1	3	1	1	—	5	1
Food Processing	101	4,706.5	35	25.5	10	33.5	7	12	7	8	—	46	11
Beverages	26	3,725.8	10	10.6	1	20.0	1	5	—	—	—	14	2
Apparel	35	1,416.6	14	24.9	4	58.4	5	11	1	4	—	10	4
Textiles	31	1,733.9	15	14.4	6	36.8	7	7	1	2	—	9	—
Timber & Forest Products	1	315.0	1	—	—	—	—	—	—	—	—	1	—
Paper	17	1,489.3	8	27.6	2	66.5	3	6	1	2	—	9	2
Packaging & Containers	22	1,517.7	9	12.5	2	—	—	7	—	5	—	15	4
Furniture	25	1,425.2	12	23.9	6	22.6	6	10	2	1	—	8	1
Building Products & Materials	43	828.6	15	14.3	1	6.7	1	4	3	4	—	15	—
Household Goods	39	2,452.6	17	14.9	6	11.0	4	6	3	3	—	17	6
Printing & Publishing	130	6,673.9	53	18.6	7	27.8	6	26	4	7	—	53	16
Chemicals, Paints & Coatings	90	7,438.0	31	20.0	5	33.2	6	12	3	7	—	51	18
Drugs, Medical Supplies & Equipment	123	4,806.5	51	28.4	5	52.4	9	18	13	14	—	58	14
Toiletries & Cosmetics	10	1,009.0	3	—	—	—	—	—	1	1	—	5	2
Plastics & Rubber	44	843.0	16	12.2	6	32.0	6	7	2	5	—	16	5
Stone, Clay & Glass	38	1,252.9	16	44.1	2	30.8	4	10	1	2	—	17	12
Primary Metal Processing	45	1,988.4	19	13.5	3	31.1	4	10	2	3	—	28	4
Fabricated Metal Products	75	1,669.9	29	29.2	7	27.6	8	16	1	8	—	35	5
Industrial & Farm Mach. & Equip.	110	4,019.9	41	19.5	10	41.9	12	27	4	11	—	50	8
Construction, Mining & Oil Field Machinery/Equipment	20	997.6	5	21.6	1	34.6	1	2	1	2	—	14	2
Valves, Pumps & Hydraulics	20	207.4	3	20.1	1	30.8	1	4	2	1	—	11	3
Autos & Trucks	8	186.6	2	53.4	1	—	—	2	—	—	—	4	—
Automotive Products & Accessories	41	1,844.9	20	13.7	4	6.5	1	8	3	2	—	21	3
Electrical Equipment	68	4,272.3	28	25.3	9	26.6	10	16	8	8	—	27	9
Office Equipment & Computer Hdwe.	77	5,323.6	34	16.3	4	43.7	10	11	17	14	—	21	8

(Continued on following page)

FULL YEAR — 1986 (Continued)

Industry Classification of Seller	Net Announcements	VALUATION OF TRANSACTIONS						METHOD OF PAYMENT				Divestitures	Number Foreign Buyers
		Price Paid (Millions)	Base	Price/Earnings Paid	Base	Percent Premium Paid	Base	Cash	Stock	Combination	Debt		
Electronics	83	$ 1,368.0	37	23.1	8	19.6%	9	13	10	14	—	31	11
Aerospace, Aircraft & Defense	31	3,088.6	16	30.4	6	44.8	7	12	2	4	—	10	4
Instruments & Photographic Equip.	93	1,783.6	38	31.0	11	46.3	12	19	10	7	—	36	13
Toys & Recreational Products	31	1,210.6	12	8.6	1	37.3	1	2	1	8	—	13	—
Miscellaneous Manufacturing	25	1,557.2	15	44.4	2	30.5	5	6	2	6	—	5	—
Oil & Gas	58	3,247.4	29	49.7	2	75.1	9	7	15	9	—	23	4
Mining & Minerals	14	147.9	8	—	—	—	—	—	6	1	—	7	5
Transportation	58	6,829.2	31	17.5	11	34.5	17	15	2	5	—	19	3
Communications	53	4,485.3	20	—	—	—	—	4	10	5	1	21	2
Broadcasting	123	8,106.9	74	46.1	1	54.9	4	9	2	13	—	86	1
Electric, Gas, Water & San. Serv.	21	1,483.3	10	23.3	4	30.1	4	4	2	1	—	7	—
Wholesale & Distribution	160	1,682.6	39	24.0	1	36.1	2	22	9	18	—	44	8
Retail	147	13,682.9	61	22.8	18	45.4	17	19	14	20	—	76	11
Banking & Finance	415	19,441.6	258	18.7	122	46.8	48	58	157	34	1	56	7
Insurance	94	5,412.7	44	17.9	10	33.1	10	15	11	4	—	45	11
Real Estate	20	713.1	6	22.7	1	25.0	1	1	6	2	—	9	1
Brokerage, Investment & Management Consulting Services	47	1,710.4	18	33.9	2	26.8	2	8	4	3	—	14	2
Computer Software, Supplies & Serv.	168	3,356.4	60	26.2	8	40.9	12	22	22	11	—	59	9
Construction Contr. & Eng. Serv.	44	1,445.3	18	28.1	5	23.8	7	3	7	7	—	13	2
Energy Services	9	72.3	3	—	—	—	—	—	2	1	—	5	—
Health Services	54	1,905.1	29	39.7	11	36.4	9	10	3	15	—	17	2
Leisure & Entertainment	84	6,963.9	49	32.1	12	38.7	16	16	11	17	—	38	7
Miscellaneous Services	235	5,690.5	83	25.0	14	29.3	16	33	21	22	—	62	18
Conglomerate	20	15,306.8	16	22.2	10	28.1	12	7	1	3		3	3
Totals & Averages	**3,336**	**$173,136.9**	**1,468**	**22.2**	**364**	**38.2**	**333**	**545**	**411**	**345**	**2**	**1,259**	**264**

MERGERSTAT INDUSTRY CLASSIFICATIONS

The WTG industry classifications are based on the Standard Industrial Classification (S.I.C.) code numbers. For the convenience of subscribers, we list below the WTG industry categories along with the corresponding S.I.C. code numbers.

WTG Mergerstat Industry	S.I.C. Code Numbers
01—Agricultural Production	0111-0783, 0900s, 2100s
02—Food Processing	2011-2079, 2087-2099
03—Beverages	2082-2086
04—Apparel	2311-2389, 3021, 3131-3172
05—Textiles	2211-2299, 2393, 2395, 2397, 2399
06—Timber & Forest Products	2421-2431, 2435-2439, 2491, 2492, 0800s
07—Paper	2611-2649
08—Packaging & Containers	2441, 2448, 2449, 2651-2655, 3221, 3411
09—Furniture	2434, 2500s
10—Building Products & Materials	2451, 2452, 2661, 3442, 3446, 3448, 3996
11—Household Goods	2391, 2392, 2841, 2842, 3261, 3262, 3263, 3421, 3631-3636, 3639, 3651, 3914
12—Printing & Publishing	2700s
13—Chemicals, Paints & Coatings	2812-2821, 2824, 2843, 2851-2899
14—Drugs, Medical Supplies & Equipment	2830s, 3693, 3841-3851
15—Toiletries & Cosmetics	2844
16—Plastics & Rubber	2822, 2823, 3031-3079
17—Stone, Clay & Glass	3211, 3229-3259, 3269-3299, 1422, 1423, 1429, 1442, 1446
18—Primary Metal Processing	3300s
19—Fabricated Metal Products	3412, 3423-3441, 3443, 3444, 3449-3463, 3466-3493, 3495-3499
20—Industrial & Farm Equipment & Machinery	3511, 3519, 3523, 3524, 3534-3559, 3562-3569, 3581-3585, 3589, 3599
21—Construction, Mining & Oil Field Machinery & Equipment	3531, 3532, 3533
22—Valves, Pumps & Hydraulics	3494, 3561, 3586
23—Autos & Trucks	3711, 3713, 3715
24—Automotive Products & Accessories	2396, 3011, 3465, 3592, 3714
25—Electrical Equipment	3264, 3612-3629, 3641-3648, 3661, 3662, 3691, 3692, 3694, 3699
26—Office Equipment & Computer Hardware	3570s
27—Electronics	3671-3679
28—Aerospace, Aircraft & Defense	3721-3728, 3761-3769
29—Instruments & Photographic Equipment	3811-3829, 3861
30—Toys & Recreational Products	3652, 3732, 3751, 3792, 3931-3949
31—Miscellaneous Manufacturing	3911, 3915, 3951-3995, 3999
32—Oil & Gas	1311, 1321, 2911, 2992, 2999, 4612, 4613, 4619
33—Mining & Minerals	1011-1213, 1452-1499
34—Transportation	4011-4214, 4411-4583, 4712
35—Communications	4811, 4821, 4899
36—Broadcasting	4832, 4833
37—Electric, Gas, Water & Sanitary Services	4900s
38—Wholesale & Distribution	5000s, 5100s
39—Retail	5200s, 5300s, 5400s, 5500s, 5600s, 5700s, 5900s
40—Banking & Finance	6000s, 6100s
41—Insurance	6300s, 6411
42—Real Estate	6500s
43—Brokerage, Investment & Management Consulting Services	6200s, 6700s, 7392, 8931
44—Computer Software, Supplies & Services	7372, 7374, 7379
45—Construction Contractors & Engineering Services	1500s, 1600s, 1700s, 2411, 8911
46—Energy Services	1381, 1382, 1389
47—Health Services	8000s
48—Leisure & Entertainment	5812, 5813, 7000s, 7313, 7800s, 7900s
49—Miscellaneous Services	7200s, 7311, 7312, 7319, 7321-7369, 7391, 7393-7399, 7500s, 7600s, 8111, 8200s, 8300s, 8400s, 8600s, 8922
50—Conglomerate	diversified in three or more areas

W. T. GRIMM & CO.

135 SOUTH LASALLE STREET
CHICAGO ILLINOIS 60603
PHONE 312-346-5265